

July 31, 1934

# The NATIONAL UNDERWRITER

*Life Insurance Edition*

INS. LAW

AUG 7 1936

## Ætna Life Regionals



Ætna Life Regionnaires—salesmen of the higher brackets who have met the rigid Regional qualifications—will gather in August for the eighth consecutive year for inspiration, fun, and fellowship.



### Hot Springs

The Homestead, famous Virginia resort, where Eastern Regionnaires will meet for three eventful days . . .

AUGUST 17, 18, and 19.



### Lake Tahoe

High up in the Sierras, Western Regionnaires will enjoy the hospitality of California's exclusive Tahoe Tavern . . .

AUGUST 27, 28, and 29.



Æ T N A   L I F E



H A R T F O R D

# General Agents Enthusiastically Approve Our Low-Cost Plan of PROSPECTING FOR NEW BUSINESS and CONSERVING BUSINESS ALREADY WRITTEN

*From Philadelphia:* "I think you have just what has been needed for a long time to educate the public. With copies of this magazine going to good prospects and present policyholders, I do not believe an agent will have to sell, but they will buy voluntarily. This is something that has been needed for a long time."

*From Detroit:* "I think there is much to be done and your new publication should help on conservation and leads to new business."

Typical of the reception accorded our announcement of a Policyholders Magazine are these four letters from General Agents. Typical, also, of the feeling among life insurance men that it is a step that should have been taken long ago.

Yet a step that, because of the tremendous investment of capital, time and effort involved, had to be undertaken by such an organization as the National Underwriter in order that the magazine might have the character that would insure the volume distribution so necessary to its low cost and place it within the reach of all.

Months were spent in our investigations. Members of our editorial staff were sent into the field to interview scores of company executives and general agents to learn, first hand, of their problems. *Education of policyholders* is without question the outstanding need, according to the consensus of representative executives and general agents. Education that, reaching policyholders and prospects from an outside, disinterested and authoritative source would, at low cost, provide the extremely important purposes of increasing new business production, while at the same time conserving business already written.

Unique in the life insurance business, The American Policyholder will provide a campaign of education that cannot fail to result in each of its readers more deeply appreciating the value of life insurance and the policy or policies he already owns, thus impelling him to hold onto what he has. Approaching conservation from an entirely new angle,

*From California:* "At last a publication is being started, sponsored by a reliable institution, that is as necessary as the Life Insurance Edition of the National Underwriter, and the publishers are to be congratulated upon their foresight."

*From Florida:* "We wish to commend you for your enterprise in this much needed form of publicity."

it will be found most effective in increasing persistency—the final yardstick of successful underwriting.

So, too, with new business. How many of your policyholders own all the life insurance they should carry? . . . How many of them have any comprehensive understanding of the many ways in which it may still be applied to their needs? . . . How many of them are in need of revision of their programs? . . . For that matter, how many really know what programming is?

How many prospects have your agents worked up almost to the point of signing an application, but who still need the impact of some additional appeal upon their buying motives to turn them into closed sales?

Again education is the solution. Education that will clinch arguments already presented with appeals and facts that, coming from an outside and disinterested source and predicated wholly on the advancement of the reader's best interests and entirely uncolored by selfish considerations, will supplement what your agent has already done, turn inclination into conviction and produce action that will promote your interests and those of the agent and every other factor involved.

Such education will lead policyholders and prospects to see the value of careful programming, increase their desire for greater participation in the benefits of life insurance and approach your agents with requests for their services. It will create a demand for additional coverage and pave the way to many a sale.

## Encourage and Revitalize Your Agents

New men especially need the influence of our plan. They will be stimulated to a greater respect for their work and greater effort when they see their prospects being educated to a better understanding of life insurance and the importance of themselves as constructive factors of American life. Benefiting, along with their prospects, from the educational content of our editorial pages, they will be prompted to stick until they have become live assets to your agency. Better receptions from their prospects—sales made easier—a number of leads developed—and their morale will be so greatly improved as to turn them from liabilities into agency assets.

## The American Policyholder Plan Costs Less than a Multigraphed Circular

Simple as A, B, C, yet wider in its application than any other plan ever devised for the important purposes it is designed to serve. The American Policyholder, because of the large volume distribution it has already attained, can be put to work for any General Agent without adding to his detail and regardless of the nature of his territory.

With compelling eye—and reader-appeal, the force of this plan that all agree has been needed for a long time, can be utilized at a unit cost of distribution so low as to make it easily available to all. A special proposition has been arranged for General Agents located in communities of less than 50,000.

The magazine's 16 pages are loaded with appeal to the self-interest of its readers. Its constructive text and illustrations, addressed to their heads and hearts, will get over, from their angle, arguments that will assuredly result in conservation and new business and add materially to the results of every man on your force.

Let us tell you how it may be put to work for you and your agents. Let us show you how it will dignify their work, increase their own appreciation for the profession of life insurance selling, greatly encourage them and lead them to feel your interest in their success—thereby increasing your own success and earnings.

Your marginal producers—even your steady producers—will be greatly helped by applying this educational magazine to them and their prospects. Its outside influence will add tremendously to their success. Conserving business they have already written will go a long way toward holding their wavering confidence. Paving the way to easier additional sales will answer many of the personnel problems with which you are daily confronted—lighten your load, release your energies for personal production, and add to the success of your organization and to your reputation as a manager.

Just fill in and mail the coupon we have provided for your convenience and we will gladly give you full details without obligation of any sort.

The American Policyholder,  
Insurance Exchange Bldg., Chicago.

Without obligation of any kind, please give me full details of your plan.

Name ..... St. ....

City ..... State. ....

I represent .....  
.....

THE AMERICAN POLICYHOLDER  
(Division)  
THE NATIONAL UNDERWRITER  
Insurance Exchange Bldg.  
Chicago, Ill.

# The NATIONAL UNDERWRITER

Fortieth Year—No. 32

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, FRIDAY, AUGUST 7, 1936

\$3.00 Per Year, 15 Cents a Copy

## Field Leaders Hold Home Office Rally

Some 450 Western & Southern  
Agents in Record Six  
Months' Drive

### IN TWO-DAY CONFERENCE

President Williams Presides at Celebration,  
His First Since Serious  
Illness This Year

A field leaders' midyear conference was held at the home office in Cincinnati for two days by the Western & Southern Life, about 450 attending. Requirements for attendance were high, in spite of which almost 1,000 fieldmen came close to qualifying. Careful analysis was required to determine the fortunate agents who were invited to attend.

#### Keen Competition for Trip

The mid-year celebration was the result of President C. F. Williams' desire to meet field leaders personally, a privilege he was denied last January owing to his serious illness prior to the annual managers' convention. At that time, addressing the convention from his sick room over a public address system, he promised a mid-year celebration to those whose records justified it. The competition for attendance was keen and the best six-months record in both departments was achieved. President Williams was chairman at the sessions.

The keynote was a program including reduction of finals, uniform records on the unit basis, and following through for the balance of the year to excel the record of the first half.

#### Take Boat Trip on Ohio

An enjoyable feature the first day was a boat ride on the Ohio River in a boat chartered for the day. An old-fashioned fish fry was held at Coney Island at noon and a buffet luncheon on the boat during the cruise in the afternoon. President Williams employed the time en route in renewing acquaintances with fieldmen.

The president's three sons, C. M. Williams, vice-president in charge of the ordinary department; William J. and James R. Williams, who are at home for the holidays, accompanied the party and took an active part in the jollification.

## Rural Agents Finding Less Competition from Bankers

Life agents operating in rural communities and small towns are finding less competition from the local bankers than used to be the case. This change appears to be due first to the fact that the banker is no longer looked upon as a disinterested benefactor of the people to the extent that he was before the depression.

(CONTINUED ON PAGE 22)

## Pacific Mutual's Move Is Being Better Appreciated

LOS ANGELES, Aug. 6.—To date the following 29 states out of a possible 45 have licensed the new Pacific Mutual Life: Arizona, California, Delaware, District of Columbia, Florida, Idaho, Illinois, Indiana, Kentucky, Maryland, Michigan, Mississippi, Missouri, Nevada, New Mexico, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Virginia, Wyoming, and Wisconsin.

New licenses carry full authority for the new company and existing agents and permission to issue former life contracts. Pacific Mutual executives are highly pleased over the response of the public as disclosed in last Saturday's submitted business, one of largest days in its history, approximately \$500,000 new insurance being applied for.

LOS ANGELES, Aug. 6.—Commissioner Carpenter announced this week that the Pacific Mutual deficit in its non-participating department including non-cancellable business as well as accident and health was \$22,356,493. The participating department showed a surplus of \$4,792,118, leaving a deficit of the combined departments \$17,564,375. With the readjustment of non-cancellable benefits the deficit is wiped out.

LOS ANGELES, Aug. 6.—An unexpected turn in opposition to the Pacific Mutual Life reorganization plan and the launching of a new company is found in the attitude of former President George I. Cochran who announces that he will file a petition in the court to oppose the project. He states that he is being joined by 10 other stockholders and it is understood the petition will charge that the proposed reorganization is unfair and inequitable to stockholders.

There is an independent stockholders protective committee here which is independent of Mr. Cochran's group.

Frank L. Guerena, former attorney for the California insurance department, and Sheperd Mitchell, have been named by Attorney General Webb as special attorneys to assist Commissioner Carpenter in the reorganization of the Pacific Mutual Life. A hearing on the entire plan will take place in Los Angeles August 12.

By CYRUS K. DREW

LOS ANGELES, Aug. 6.—A week of startling moves concerning the affairs of the Pacific Mutual Life and its rehabilitation has brought clearer appreciation to the trade of the need for forming a new company with assets of the old to ease the pressure in the accident and health department for non-cancellable contracts. More and more the reassuring fact emerges that in its life department, in all the elements that

affect policyholders' equities and confidence, there has nothing occurred to mar the stability and sanctity of that part of Pacific Mutual service. Protecting the life business was the prime motive.

Transferred to the new company with full reserves with full rights protected, all life policyholders are actually more securely bulwarked than before. Transferred to the new company, with heavy liens to cover deficiencies in their non-cancellable department, these policyholders are given the right of acceptance of new reduced accident-health contracts, predicated upon former rates with promises for future claims based upon adequate reserves. In no way can former deficiencies of the non-can department's future claims under this lien plan, involve the adequacy and unquestioned stability of the securities sepa-

Cyrus King Drew of San Francisco, distinguished editor of the "Western Underwriter," is on the ground at Los Angeles studying the Pacific Mutual situation. Mr. Drew is the dean of insurance newspaper men and as an observer he has the advantage of a long experience in knowing companies and their background. His contribution will be read with real interest.

gated for protection of life policyholders.

Had it been feasible to incorporate a new company solely to take over the involved insolvent non-can branch that would have been done. By the stroke of a pen eliminating the words "The" and "of California" from the old company's title, the new corporation goes along unhampered by former non-can department deficiencies which have been costing the company \$2,000,000 annually.

As expected, numerous legal steps already loom in individual actions spurred in some instances by dubious designs. That there properly might be need for court representation of the several factors forming the diversity of interests is conceded. There will be more law suits than Carter has pills before the current is cleared. A federal investigation also threatens. It is based upon questions involving use of the mails to distribute financial reports that may have failed to reveal the true status of the company's non-cancellable department, so it is announced.

Washing up of all the larger angles will be accomplished in court Aug. 12, the returnable date of the insurance department's elaborate set-up for salvaging the non-cancellable contracts and protecting all life contracts. At that hearing the various groups will also have their innings; the stockholders in united front to test the validity and equity of the reinsurance deal; the non-can members who are asked to accept lien reductions on their contracts; the holders of life policies. These groups have made hurried local plans for class representation at this hearing.

(CONTINUED ON PAGE 20)

## Cummings Seems Assured of Post

Texan Slated for Vice-presidency  
of National Association of  
Life Underwriters

### DENVER FOR '37 MEETING

Sentiment Develops for Election of  
Duff As Vice-president Next Year  
—Holgar Johnson's Situation

The present indications are that O. Sam Cummings of Dallas will be elected vice-president of the National Association of Life Underwriters at the annual meeting in Boston this fall and that Denver will be selected as the 1937 meeting place. No one has been put forward to oppose Mr. Cummings for the vice-presidency and the insiders are rather definitely committed to him. Mr. Cummings is Texas state manager for the Kansas City Life.

The life insurance people of Houston have been bidding for the 1937 convention but the understanding is that if Texas is to get the vice-presidency it cannot also have the convention. Therefore, it seems practically assured that Denver, which has been seeking the meeting for several years, will be selected.

#### Look Forward a Year

Leaders in the organization are now beginning to look a year ahead for vice-presidential material. Considerable sentiment has developed in favor of the election of W. M. Duff, head of the Edward A. Woods Company agency of Pittsburgh, for election as vice-president next year. As a matter of fact, his selection is now more or less settled in the minds of many of the leaders. Mr. Duff is program chairman for the Boston convention. He took the job when Chester O. Fischer of St. Louis, who was slated to become vice-president of the National association this year, was called to the head office of the Massachusetts Mutual Life as vice-president.

#### Johnson a Favorite

Considerable thought is being given to the position of Holgar Johnson, general agent of the Penn Mutual in Pittsburgh. Mr. Johnson is a favorite and every one says that he will some day be president. The question is when will that day come? He could not be considered for the vice-presidency this year because the present vice-president, A. E. Patterson of Chicago, is a Penn Mutual man. Mr. Patterson will be elected president at Boston. He might be considered eligible for election next year as vice-president. However, if Mr. Duff is brought into the picture, as now seems likely, that will tend to keep back Mr. Johnson's day because of the geographical consideration. If Mr. Duff is elected vice-president in 1937, some of the leaders are saying that Mr. Johnson's day is not likely to come for about five years.

# Answers to Questions Show Need of Business Insurance

By C. W. STILLSON  
General Agent Midland Mutual Life at Youngstown

Corporation insurance, and by that I mean close corporation, partnership and sole proprietorship insurance, constitutes one of the most complex but intensely interesting subjects that the 1936 underwriter has to face. Imagine if you please that you and the rest of the stockholders of a close corporation are in session to consider a question most vital to you, your family, and your business. I will present a few of the reasons why you should here and now decide to put your business house in order.

The death of an active associate will not destroy your corporation in a legal sense, but it is no longer the same corporation in a personal sense, because in place of that deceased active associate stand these four questions which you must answer: (1) have you and your surviving associates the cash, with which to buy out the heirs of your deceased associates? (2) will you be forced to take the estate and heirs into business with you? Approval of your management must generally be bought with dividends it might be bad management to declare; (3) will you be forced to take into your business the purchaser of the deceased's stock? The purchaser might be anyone, for you have no control of that. (4) Will you sell out to the heirs? At what price? Under what terms?

#### Question Arouses Interest

Some months ago I called on the executive head of a three-way partnership. At first he was very hostile, was too busy, had all of the life insurance he needed, etc., but finally he consented to listen. My first question was this, "If you were on your death bed, making your will, and you had your money invested in government bonds, would you write into your will that your wife should sell those bonds and buy a one-third interest in your present business?" He asked me, "Do you think I'm crazy?" From there on he was interested and in less than half an hour he asked the privilege of bringing his partners into the conference with the result that after several weeks and many conferences, \$60,000 of insurance was written.

Our plan provides (1) for an evaluation of each man's interest in the busi-

ness while he is alive and active in it, rather than leave it to be decided after his death; (2) the necessary funds to liquidate the deceased's interest at the price which he himself has established as fair. (3) for full control of the business to remain in the hands of the survivors, thus eliminating interference with their conduct of it from those whose chief consideration has become dividends. In most close corporations dividends are more in the nature of salary bonuses than a return on invested capital; but that is never the viewpoint of the estate; (4) rapidly accumulating values in the life insurance contracts which, if kept intact, will contribute substantially toward a retirement fund for the insured executives who have reached the easy-chair time of life; (5) a definitely beneficial effect on employees' morale when they realize that an executive's death will not affect their future prospects adversely, the business must profit from their greater confidence in it as their life work.

#### Asks Seven Questions

Ask yourself these questions and yourself decide how well you are satisfied with your own answers.

1. Have you any agreement under which your stockholders must first offer their stock for sale to you or to the firm before selling to outsiders? Do you know why that agreement doesn't mean a thing? (This agreement will give the surviving associates the opportunity to buy the decedent's interest, but it does not provide a method of determining the price at which the interest shall change hands nor the terms of payment. Hence, there is nothing to prevent either party making an offer impossible of acceptance; and if the agreement does fix a price and terms of payment, it still does not provide the money, so that there is absolutely no assurance whatsoever that the option can be ever exercised. But if the death which releases the stock automatically releases the exact amount of money necessary to buy it, then you have an agreement which does mean something).

2. Have you guarded against the one great weakness in the average "buy and

sell" agreement between stockholders? (This weakness is that need of new financing, either corporate or personal, which is almost certain, if the interest of a deceased associate is to be taken up by the survivors, for the need of it arises at a time when the future of the business has a cloud over it and money is at its hardest to get.)

3. Do you know what rights a minority stockholder has which may some day be exercised by that minority stockholder's heirs or estate? (When you are working for a minority stockholder, your conduct of the business must be such that it can not be construed as derogatory to his interests. Everything you do, particularly when the going is tough, business hard to get, and profits small, will be critically scrutinized.)

4. Do you know that unless you take steps to guard against it, your management of your business may some day be subject to examination by the probate court? (With an estate as a part of your corporate set-up, the administrator or executor votes in your business. He must act under the supervision of the probate court, hence your management easily can become the object of the court's examination.)

#### Assurance of Fair Price

5. What assurance have you that your family will receive a fair price for your stock at your death? A cash price and not a down payment with a mortgage on the family's own stock as security? (You left property to your heirs on which you could have set a value but did not; for which you could have provided a cash market. If your heirs can not find a cash market, they must suffer all the risks of the business by remaining in it, or of selling out for part cash and the balance in long term notes secured by a mortgage on their own stock.)

6. In case of your death, how long do you believe that the other stockholders in the firm would be content to pay dividends to your heirs when you remember that dividends in a close corporation partake of the nature of salary bonuses rather than pure return on capital?

#### Making the Situation Vivid

7. What would be the situation now of your heirs in respect to your business had you died a month ago? Now, from this point consider yourselves as indemnities, not stockholders. (Put your prospect in the past tense. Don't work on your prospect from the angle that he may die. He knows that won't happen

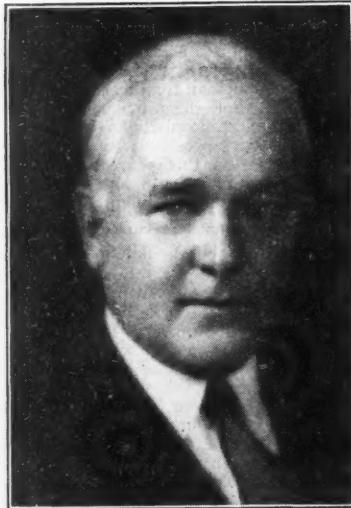
## Wins Honeymoon Trip Staging One Man Drive

As the result of a one man campaign in July, Frank Willis, Philadelphia agent Equitable Life of New York, won a honeymoon trip with all expenses paid. Agency Manager N. B. Misell promised Mr. Willis, who is to be married on Sept. 12, that if he wrote 20 applications in July he would pay his honeymoon expenses at Atlantic City. Mr. Willis put on a drive which was completed when he wrote his 20th app at 11 p. m., July 31.

to him and it's all speculation anyway. But put him in the past tense and you are talking facts.)

Before any underwriter attempts to write business insurance he should consider the following: first, can I afford to spend my spare time for the next one, two or three years preparing myself for this highly specialized branch of life underwriting (without a thorough mastery of the business insurance section of the "Diamond Life Bulletins," or some other textbook of equal value on business insurance, you are licked before you start). Second, have I the contacts, business associates, prospects, that will enable me to succeed after I have spent this time in preparation? Remember that in this class of business, you must have contacts with executives, and your own business relations with men of affairs must be of the highest order. Third, have you the guts to fight and keep on fighting when it looks dead certain that you're licked? (Remember that in a close corporation or a partnership, there are always two and some times 8 or 10 to sell and it is always easier to sell personal insurance to one man or women with tuberculosis or a bad heart than it is to sell a half dozen hard boiled never-let-up-or-say-die executives, who are more interested in profits now than waiting for some one of their members to die, and further remember that a life insurance man depends upon his commissions for his living and he must have sales every day. It takes months, usually, and sometimes years to close this class of business, and a large portion of one's commissions are often spent before pay day comes around.)

## FEATURED AT BOSTON CONVENTION THIS FALL



T. I. PARKINSON



V. B. COFFIN



J. E. GIBBS



C. C. DAY

Thomas I. Parkinson, president of the Equitable Life of New York, will be one of the principal speakers at the annual meeting of the National Association of

Life Underwriters in Boston the week of Sept. 21. He will probably be the final speaker at the closing session Sept. 25.

Three of the speakers for the meeting of the managers and general agents section, Sept. 22, will be Vincent B. Coffin, superintendent of agencies Connecticut

Mutual, J. E. Gibbs, general agent Penn Mutual, Newark, and Carroll C. Day, general agent Pacific Mutual, Oklahoma City.

## Name Speakers For Managers Section

C. C. Day, V. B. Coffin, J. E. Gibbs, C. B. Metzger, C. C. Robinson on Card

### PARKINSON WILL APPEAR

Head of Equitable of New York Will Be Final Speaker at Boston Convention

Announcement is made this week by Ralph G. Engelsman, Penn Mutual, New York, of the special program for general agents and managers attending the annual convention of the National Association of Life Underwriters at Boston. The managers section will hold forth Tuesday, Sept. 22. Mr. Engelsman is chairman of the program committee. The various speakers will describe various phases of "how" the job is done.

In addition to the four main speakers who will tell "how," C. C. Robinson, editor of the "Insurance Salesman," will present the results of a survey on "What the Agent Thinks of the General Agent."

The four "how" speakers will be: Vincent B. Coffin, superintendent of agencies Connecticut Mutual Life, on "How to Teach;" John E. Gibbs, general agent Penn Mutual, Newark, on "How to Organize and Run Agency Contests;" C. B. Metzger, superintendent E. A. Woods agency, Pittsburgh, on "How to Organize the Year's Objective," and Carroll C. Day, general agent Pacific Mutual, Oklahoma City, on "How to Sell the Prospective Agent the Business."

#### To Have Open Forums

The afternoon session will consist of four open forums during which the four speakers at the morning session will be available for questioning on their subject. Two forums will be held simultaneously during the first hour and two more during the second hour.

Announcement is also made this week that Thomas I. Parkinson, president of the Equitable Life of New York, will be one of the speakers at the main convention of the National association. He will probably close the final session of the convention Friday morning, Sept. 25. Mr. Parkinson was on the program at the Washington convention in 1929. He delivered one of the key note speeches on "Conserving the First Hundred Billion."

Mr. Day and Mr. Coffin are two of the most prominent life insurance speakers in the country. They have probably been heard by as many life insurance audiences as any in the business today.

#### Started In 1922

Mr. Gibbs entered the life insurance business in 1922 with the T. R. Fell agency of the Massachusetts Mutual. At the same time he studied at New York University school of life insurance and undertook instruction in supervisory work for his company. He later joined the Penn Mutual in its training department in charge of the Pacific Coast. He subsequently became assistant superintendent of agencies and then regional superintendent. In 1933 he took over the management of the Newark agency.

Mr. Metzger joined the late Edward A. Woods in 1924 as his private statistician and was associated with him until his death in 1929. During that time Mr. Metzger was responsible for securing the data included in Mr. Woods' books. In 1928 he became assistant manager of the Woods agency and three years later was elected superintendent. He is primarily interested in agency organization work.

## Has a Big Job



A. N. KEMP

President A. N. Kemp of the Pacific Mutual Life, who has done heroic work in saving the company, readjusting his non-cancellable benefits so that the heavy impairment is wiped out, will be the main stay in guiding the company along safe and stable road. He took the presidency early last fall and immediately began work along rehabilitation lines. He has been in the investment business, served as comptroller and vice-president of the Pacific Light & Power Co., San Joaquin Light & Power Corporation and the Southern California Gas Company. Then he was vice-president of the Southern California Edison Company and vice-president of the California Bank. He has the confidence of the financial men of his section.

## High Lights Brought Out at Midland Mutual Life Rally

By A. R. JAQUA  
Associate Editor Diamond Life Bulletins

When Theodore Roosevelt was President back in 1905, a half dozen men in Columbus, Ohio, pooled resources and started a financial institution to be called "The Midland Mutual Life Insurance Company." Its 30th anniversary was held at Hot Springs, Va.

Just an idea in September, 1905, but an idea backed by \$100,000 of capital and \$50,000 of surplus, the Midland Mutual of today (as of Dec. 31, 1935) shows assets of \$23,811,000 and insurance in force of \$103,358,000, with a premium income of \$3,503,000. Ordinarily known as a medium-sized mid-western company, the Midland Mutual hastens to state that it is larger than 80 percent of the 350 legal reserve companies in the United States. Incorporated as a stock company, the Midland Mutual discontinued non-participating insurance in 1909 and in 1923 placed all previously written non-par business on the participating plan.

#### Developing Good Will

Entertainment and the making of new acquaintances and the development of old friendships is one of the prime objects of life insurance conventions. The company's program booklet states that "All business sessions will be held Thursday and Friday mornings to enable you to have the afternoon free for recreation—golf, tennis, skeet shooting, horseback riding, mountain climbing, scenic drives, bridge, etc." Annual conventions of the Midland Mutual are principally a reward for "Leader Club" members. In 1917, there were 12 members. In 1935, there were 45 out of a total field force of 450.

J. Charles Rietz, vice-president and actuary, gave some interesting figures on

the progress of the Midland Mutual. Here are a few:

	First 6 Months	1936
Total income	\$ 500,770	\$ 2,955,677
Total paid policy-holders	77,649	1,218,916
Dividends to policy-holders	27,446	224,765
Assets	2,459,330	24,883,892
Surplus to policy-holders	375,114	2,020,932
Insurance in force	23,530,543	104,902,453

Occasionally there is talk—in books, or pamphlets, or newspapers—of the "cost" of life insurance. At the banquet George W. Steinman, president, told of the record of the Midland Mutual. Since its formation a little more than \$28,000,000 has been returned to policyholders and there is now held for the account of policyholders \$25,000,000. These two sums represent 99.1 percent of all money collected. If the money paid for taxes are included more has been returned or is now being held for policyholders than was collected. In other words, the cost of life insurance in the Midland Mutual is something less than the interest earned on premiums.

#### Growth Is Shown

Continued Mr. Steinman: "In 30 years we have grown from nothing to a company with \$25,000,000 of assets, \$105,000,000 in force, 450 agents, and 50,000 policyholders. And yet more than 15 of those 30 years have been years of panic, or depression, or war, or epidemics. Of our assets, 37 percent are in mortgages, 25 percent are in bonds, 13 percent are in real estate, 16 percent in loans to our policyholders and 9 percent in cash and miscellaneous. Constantly before us is the ideal that we are trustees, that this is a fiduciary institution. We propose to do everything we can to further the cause of our policyholders and we propose to do nothing that will now or in the future do other than benefit them."

#### Upturn Is Apparent

"Some of the immediate past years have not been easy, but today we are most optimistic. The loss from suicides has stopped. Our written business is constantly exceeding our terminations. We are again getting a reasonable return on our real estate instead of having to spend money for rehabilitation. There are, however, two clouds on the horizon to which I call your attention:

"The first is taxes. For many years we have made returns on blanks furnished by the internal revenue department. Now that department has announced new rulings on the old forms, rulings which will cost us this year \$25,000. For example, they now say that excess interest paid to policyholders is not interest but is dividends. The second factor is low interest rates. Of 30 of the largest companies reporting in 1935, four reported earnings of more than 4 percent, six reported earnings of less than 3 1/2 percent, and 20 reported earnings of between 3 1/2 percent and 4 percent. It must never be forgotten that there are more non-borrowers than borrowers. Every policyholder is a non-borrower, he is a creditor—and anything, be it taxes, or low interest rates, or repudiation of debts, which is bad for creditors is bad for policyholders."

#### Work of the Medical Director

The medical director of a Life Company holds an unenviable position. He is harassed by the directors for a low mortality. He is pressed by agents to pass their cases. The work of the medical department was discussed by Dr. A. R. Stone, medical director, who called attention to the low mortality ratio of the Midland Mutual—34.3 percent, and told why it was to the ultimate benefit of both policyholder and company that careful medical selection be maintained.

(CONTINUED ON LAST PAGE)

## "IMMEDIATELY, IF NOT SOONER"

A rule of salesmanship that the newcomer early pays a price to learn is, that a lead or a tip should be run down "immediately, if not sooner."

One of our representatives and his wife, who had called at his office, were about to leave for home. Just then the phone rang, and brought a request that the office be kept open for a while, because a policyholder wished to pay off a loan. There was a long wait, and then the caller couldn't be hurried from the office.

So the husband and wife decided that they would have dinner downtown. They were barely seated when an acquaintance came up and told them of a woman friend, about to start on an extended journey, who was in the market for an annuity. Immediately, without waiting for dinner, husband and wife started for the traveler's home. An hour later they came away with an application and a check for \$2,000. "Tomorrow," they found, would have been too late.

A clean-cut example of the profitable respect paid by the experienced underwriter to lead and tip promptness.

THE PENN MUTUAL LIFE INSURANCE CO.

WM. H. KINGSLEY, President

Independence Square

PHILADELPHIA

## Urges More Time Control Over the Field Workers

Kenneth Street of Berkeley, Cal., general agent of the Northwestern National Life, is a man who is doing much thinking regarding field work. In a contribution to THE NATIONAL UNDERWRITER, he takes the agency system of the Metropolitan Life as an example of what he regards as the most perfect for field control yet devised. While the Metropolitan Life plan could not be taken body and soul by all companies, yet in Mr. Street's opinion it can be used as a model and adapted to other companies. Here is his letter:

"In two articles appearing in THE NATIONAL UNDERWRITER the twin subjects of recruiting and financing of new agents are dealt with. Writing from a background of 20 plus years of personal soliciting effort, and hence speaking from an agent's, rather than a general agent's, viewpoint, it seems to me that the way has already been made clear by the largest—I believe most successfully administered—company of all, the Metropolitan Life. The agency system, long so successfully used by that company, provides the framework for adaptation by any or all of the other companies. I think this would prove true for companies not writing industrial weekly premium insurance, as well as for the other class.

### Control Over Time and Methods

"As I see it, the essential feature of the Metropolitan agency system is found in the close control over the time and methods of the field men. The salary arrangement gives that company the absolute right to exercise as much control as it finds desirable. Apportionment of servicing work (collecting premiums included) among old policyholders is on such basis that under all circumstances a minimum of contact work is called for from every agent. Along with old policyholder contact requirements goes a rigid accountability, practically daily, for the agent's efforts to produce new sales. All this is well known to your readers, and there is nothing new in the suggestion that the Metropolitan system is a sound one. Nor is there anything original in the thought that such a system should be made to fit the practices of other companies. I touch upon it now only because it seems so apparent to me that the answer to the recruiting and financing problem must be found within the range of past experience in the business, and in the practices of such com-

panies as have seemingly successfully met the problem.

"It has become elementary in our business that the answer to the problem of successful soliciting effort is found in the element of time control. We all know how difficult it is to discipline ourselves in the matter of making sufficient calls. The experienced solicitor finds it possible to write enough business—when conditions are good—to satisfy his financial requirements, and to do this with constantly decreasing effort in the way of enforced new contacts. I have long observed that the vast majority of experienced agents rather early in their careers reach what might be classed as an individual 'natural level'—a production which satisfies the agent's minimum financial requirement. Thereafter, the tendency with most agents is to produce at that 'natural level' with less and less effort, as old clients become more numerous or better able to buy. This is a decidedly 'softening process' and is most destructive to former ways of required hardboiled soliciting, the kind of work which established us in the first place. Only a few agents make use of their experience to continue on to increasing production levels, and these men, almost without exception, are the ones who hold on to earlier soliciting habits in the matter of new contacts and time control.

### Time Control a Big Factor

"As for the new agents, clearly the answer to the problem of making them successful producers must be found in the methods which have served in the past to create good men out of neophytes. And the answer to that is, again, time control, in the sense of a goodly supply of pavement pounding and personal contacts. It is my belief that with very few exceptions successful producers served an apprenticeship in the school of many calls and not much business, and that was the period of acquiring both experience and some good habits. Unfortunately, most of us retain only the first, and drop the latter during a period of national prosperity when sales come in larger units and with less pressure.

"You will recognize that the whole thread of my argument is that time control is the answer to the soliciting problem, and that a company can actually effectually control an agent's time only when the right to discipline exists. And the only discipline which means a thing

(CONTINUED ON PAGE 22)

### Stage Demopublican and Republocratic Sales Drive

Persistency of political discussions in the pre-election period led the Federal Life in June to turn this to advantage in a "Republocratic - Demopublican" sales campaign that was highly successful. In August an "election campaign" is being conducted.

The basic idea was that the agents every day were encountering people wanting to talk politics, and this could be utilized as an opening by which the subject of insurance could be introduced. Half the agencies in the June drive, based on first quarter's production, were placed in one political party, and the other half in the other. Party emblems were produced by transferring heads of elephant and donkey to each other's bodies. Managers of agencies in each party producing the highest average amount per agent in June won nominations for president, vice-president, four senators and eight representatives, giving 14 candidates in each party, or 28 agency managers nominated.

In August the party writing the largest volume of business will have its candidates elected. Life production is scored at one vote per \$1,000 written, and A. & H. business one vote per \$25 premiums written.

Each of the presidential nominees—S. A. Meacham, manager of one of the Kansas City agencies, and S. H. Birgel, manager of the central agency in the home office building, was asked to name a company official as campaign manager, and they selected President I. M. Hamilton and Executive Vice-president L. D. Cavanaugh. Each manager sent out a party platform and acceptance letter. The campaign was put on a serious basis, but emphasizing that life and accident and health insurance provide the best programs for social security, old age pensions, education, unemployment insurance, public health and safety.

Production of new life insurance increased in June and, in July, production was up 39.2 percent. A 1936 quota of 60 percent increase was set, and present indications are that it will be made without difficulty.

### Raleigh Company Chartered

Charter has been issued for the State Capital Life of Raleigh, N. C. Authorized capital is \$500,000 and \$100,000 has been subscribed by J. P. Gibbons, R. M. Hanes, Edwin Pate and others.

## Monthly Premiums Now Widely Used

**Survey by American Life Convention Shows Most Companies Favor Plan**

### BIG AID IN DEPRESSION

**Wide Divergence in Practices, Especially Method of Calculating Rate, Is Found**

Monthly premiums are accepted by a great proportion of life companies now, a survey conducted among American Life Convention member companies indicates. In past years ordinary companies very largely felt monthly premium policies were semi-industrial, involved additional bookkeeping expense and offered 12 times the opportunity for lapse.

Col. C. B. Robbins, manager and general counsel A. L. C., states the depression brought a great change in that attitude, it being seen that monthly premiums gave 12 times as many chances to keep in force policies of individuals having financial difficulties and to tide them over until circumstances eased. Thus, companies offering a monthly method of premium payment have maintained in force business on an annual, semi-annual or even quarterly basis, would have gone off the books.

### Large Majority Favor Plan

The survey includes figures from 104 companies which reported. Of these, 82 have a monthly premium plan, 15 do not have one and six qualified their answers, one allowing the plan on government allotment policies, another on deferred annuities, and four reported they had limited monthly premium plans.

One query in the questionnaire was whether monthly premium was deducted from a death claim in event of the policyholder's death within the policy year. There were 75 companies that replied in the affirmative and 13 negative.

Colonel Robbins found wide diver-

## MIDLAND MUTUAL OFFICIALS AT CONVENTION



GEORGE W. STEINMAN  
President



J. CHARLES RIETZ  
Vice-President



J. A. HAWKINS  
Manager of Agencies



RUSSELL S. MOORE  
Assistant Agency Manager

gence among companies in their views as to advisability of writing monthly premium policies; in the percentages used in calculating the premiums, and in the minimum premium requirements. In the case of policies issued on the salary savings plan, he said, larger companies require applications of \$1,000 each on ten lives to inaugurate the plan.

#### MINIMUM PREMIUM RULES

Minimum monthly premium accepted is: One company, \$1; one \$1.50; three \$2; one \$2.50; three \$3; 38 \$5; one \$5.40; two \$6; three \$7.50; 12 no minimum, and one each requires \$8, \$9, \$12 and \$15. There are 82 companies accepting monthly premiums in the first policy year and six do not do so; also 22 companies reported favorable experience with a bank draft system of payment in which the premium receipt is mailed to a bank which receives monthly payments from policyholders and remits to the life company. There were 65 that replied, "No," indicating either that they had not used such a plan or had not had favorable results with it.

Only 14 companies unqualifiedly answered in the affirmative the question as to whether they recommended that a company not now accepting first year business on monthly premium basis begin to do so. There were 26 companies that made no recommendation and 40 replied in the negative. Other answers were: Seven companies, yes, on minimum premium of \$10; three, affirmative if minimum premium is \$5; one, yes, with proper restrictions; one, yes, depending on agency organization, and five, yes, for payroll deduction or salary savings plan only.

#### No Comfort For Fraternals In Primaries In Missouri

JEFFERSON CITY, MO., Aug. 6.—With one of Missouri's most sensational primary election campaigns now a matter of history it appears that the fraternals can find little comfort in the results. They entered the fight in an effort to prevent the reappointment of Superintendent O'Malley.

Every ounce of political strength that the fraternal chieftains could muster was thrown into the scales against L. C. Stark of Louisiana, who was the successful candidate for the Democratic nomination for governor. They opposed Stark because he refused to commit himself not to reappoint O'Malley if elected. He merely stated he would give the fraternals a square deal if elected.

Feeling certain that former Attorney-general Jesse W. Barrett would land the Republican nomination for governor, and inasmuch as he represented some of the fraternals in their drive to beat Superintendent O'Malley's insurance code bill during the 1935 session of the legislature, the fraternalists supported William Hirth of Columbus, who was Stark's opponent.

In the closing days of the campaign the fight narrowed down to a struggle between the Democratic organization in Kansas City and its auxiliary in St. Louis plus the state administration forces and the combination of Hirth's former friends and the fraternalists who were organized as the Fraternal Association of Missouri of which C. F. Westcoat, St. Louis attorney, is president.

#### Oakland Managers Elect

Fred W. Siler, manager at Oakland, Calif., for the John Hancock Mutual Life, was elected president of the East Bay General Agents & Managers Association. Other officers elected were J. A. Carlson, manager, Northwestern Mutual Life, vice-president and G. T. Carmona, manager, Occidental Life. Mr. Hicks becomes a member of the executive committee, composed of past presidents.

#### Trustee In Bankruptcy Is Entitled to Proceeds

The circuit court of Kane county, Ill., has handed down a decision holding that the trustee in bankruptcy is entitled to the proceeds of insurance that was purchased by the bankrupt, during his lifetime, with funds belonging to the corporation of which he was the president and chief officer, without any authority from the corporation. The case was Burford vs. Armstrong, et al.

The trustee in bankruptcy asked to have the funds of the corporation that were used to pay premiums traced as trust funds into the proceeds of the policies following the assured's death.

The court held that the great majority of authorities in cases of this kind, where the money is taken by an officer of a corporation who is entirely in control, and where the proof shows that he was wholly insolvent and had been for a number of years and was heavily indebted to the corporation, and that the corporation was insolvent during that period, hold that, when he, without any authority from the directors or under any other authority than his own, takes the funds of the corporation and applies them upon premiums secured by himself for the protection of his wife, they are impressed with a trust and the creditors of that corporation can follow those funds as long as they are traceable into some other investment and are entitled to the enhancement in the value.

The trustee in bankruptcy is entitled to the pro rata share of the proceeds of the policy which the amount of premiums paid out of the corporate funds bears to the total amount of premiums paid upon these policies.

#### Holds Date Agreed Upon Is Effective Date of Policy

The United States district court for the northern district of Oklahoma has overruled the contention of a beneficiary that the policy should be considered as having taken effect on the date of delivery, rather than at an earlier date which had been agreed upon in writing by the company and the insured as the effective date. Had the contention of the beneficiary been upheld, it would have meant that the insurer would have been liable. Basing the calculations upon the date earlier than the time of delivery, the policy lapsed before the assured died, since there was a loan against the policy and the latest premium had not been paid. The case was Shira et al. vs. New York Life.

The court held that it is competent for the parties to a life insurance contract to agree upon dates of policy and of premium payment.

#### A. I. U. Citadel Litigation

COLUMBUS, O., Aug. 6.—Committees of bond holders of the American Insurance Union Citadel filed a petition asking the federal court to approve sale of the building at foreclosure proceedings this winter. A company would be formed by the bondholders to bid on the building. Receivers said that they are doubtful if they can raise enough money for payment to policy holders of A. I. U. or to the beneficiaries. The building was erected several years ago at a cost of \$8,000,000.

A hearing will be held in Dayton Aug. 5 before Judge R. R. Nevin. On one of the committees were Judge W. Rossetter and Jay C. McCord. Chicago bond holders would receive a new first mortgage 15 year sinking fund coupon bond in the principal amount of \$800 for every \$1,000 certificate. They also would receive voting trust certificates.

#### Division in Outing Aug. 21

The general agents and managers division of the Chicago Association of Life Underwriters will hold an outing meeting Aug. 21 at Edgewood Valley Country Club near Chicago. C. B. Stumes, Penn Mutual, is chairman.

#### Inheritance Taxes

Will there be any estate left  
... after taxes are paid?

This question, frequently  
present in the minds of your  
prospects, may be answered  
quickly and competently.

Supplementing a wide variety  
of policies for specific pur-  
poses, this Company main-  
tains in its home office a staff  
of advisors on all legal and  
trust issues affecting life  
insurance.

The services of this staff are  
at the disposal of your clients  
at all times.



*Continental*  
ASSURANCE COMPANY  
CHICAGO, ILLINOIS

*Affiliated with*

CONTINENTAL CASUALTY COMPANY

## Convention Examination of the Modern Woodmen

### NINE STATES TO PARTICIPATE

Expect the Work Will Be Completed by the End of the Present Year

Insurance Director Palmer of Illinois has arranged for a convention examination of the Modern Woodmen to start Sept. 8. In addition to Illinois there will participate in the examination Kansas, Oklahoma, Pennsylvania, Washington, South Dakota, Wisconsin, Minnesota and Virginia. Director Palmer, in writing to commissioners of other states, declares that the examination in his opinion will be completed and a report filed before the end of this year. He asserts that the states participating were selected with two considerations in mind—first, volume of business, and second, geographical location. The group, he states, is representative of all sections where the fraternal does business and will bring in a report which will reflect the true condition. While a number of other states requested that they be assigned to this examination Director Palmer said an enlargement of the group would be impractical.

#### Illinois Did Not Participate

In some quarters the impression apparently prevails, he states, that the Illinois department examiners participated jointly with Missouri in the recent examination conducted solely by that department. The facts as he outlined are these:

"Of course we knew the examination was in progress. Superintendent O'Malley advised us under date of March 11, 1935, that he wished to send in a couple of examiners." We were later advised over the telephone that they were sent in to look into a few particular items. Of course we entered no objection. Later on, when we learned that a complete examination was being conducted by a large staff of the Missouri department, we requested Superintendent O'Malley to confer with us when the report was completed and ready to be transcribed. We had several conferences with Mr. O'Malley and members of his staff and found ourselves in disagreement with them on several important matters, particularly the actuarial questions involving the test of solvency. The actuaries of this department did not agree with the actuaries of the Missouri department. We also requested that this department be represented at the hearing on the report which was held on May 7-8 at Rock Island, Ill.

"I was present personally with members of my staff. Our participation in this examination was limited to the above extent only and we were unable to concur in the major findings of the Missouri department, although, of course, we were in accord with a number of the important recommendations, all of which will be developed more fully at the coming convention examination.

"In view of the situation in Missouri, we have decided, as indicated, to call a convention examination immediately rather than wait until next spring when the regular periodical examination would otherwise have been held. Since we believe that the representative group of states listed will conduct an examination which will be thorough and sound, we trust that the departments of the several states in which the society does business will await the outcome of this examination. As stated above, the final report will be available within a few months and before the close of this calendar year."

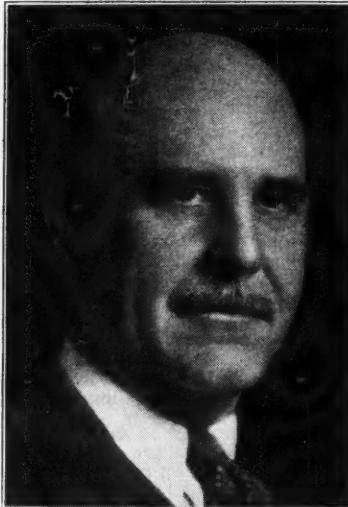
Lee N. Parker, president of the American Service Bureau, Chicago, left by night boat with his wife and children for Detroit, on a jaunt to Niagara Falls, Hamilton, Ont., Buffalo and return by boat.

## Gains By Volunteer State Life Told At Convention

### OUTLOOK GOOD, AGENTS HEAR

Paid Business 49 Percent Ahead, Persistence Averages 74.4 Percent; 150 Field Men Attend

SIGNAL MOUNTAIN INN, TENN., Aug. 6.—The improved state of the insurance business was stressed by all the speakers at the annual home-coming convention of the Volunteer State Life. The company showed a 49 percent increase for the first half of the year while the persistency rate of the 150 agents



COL. R. H. KIMBALL

and managers who attended the convention has averaged 74.4 percent since 1933.

J. W. Bishop, home office agency manager, speaking on selling the prospect who prefers to buy from a big company, pointed out that the combined assets of the Volunteer and its reciprocal companies were \$235,757,000, and the combined business in force was \$1,277,494,000 as of the beginning of this year.

Colonel Richard H. Kimball, president of the Volunteer, and Commodore Albert L. Key, chairman of the board, stressed the financial solidity of the company.

The Volunteer's top production club,

## THE WEEK IN INSURANCE

Further developments are given in the reorganization of the **Pacific Mutual Life** and the launching of a new company with the same name. **Page 1**

Western & Southern field men in rally at home office celebrating record six months' production. **Page 1**

Forecast is made of election of officials of the **National Life Underwriters Association**. **Page 1**

Monthly premiums are widely used, American Life Convention survey of member companies indicates. **Page 4**

Announcement is made of program for general agents' and managers' section during convention of **National Association of Life Underwriters**. **Page 3**

Convention examination of the **Modern Woodmen** will start Sept. 8. **Page 6**

Kenneth Street, general agent Northwestern National Life at Berkeley, Cal., urges the adaptation of the **Metropolitan Life agency system** to other companies. **Page 4**

National Fraternal Congress general session and section meetings program for annual convention in New York Aug. 22-27 given in part. **Page 21**

Ex-President R. B. Palmer of the defunct **Federal Union Life** has appealed

## Policy Proceeds in Bank Held Exempt from Creditor

MILWAUKEE, Aug. 6.—Death benefits received from an insurance company deposited in a bank by the beneficiary, if less than \$5,000, are not subject to garnishment, Judge Edmund Gausewitz held in civil court here in dismissing a suit brought to collect a judgment obtained against the deceased policyholder from the widow.

Joseph Hess sued Joseph A. Bell and his wife, Elizabeth, two years ago to collect \$1,159. Bell has since died, leaving his widow the sole defendant. Hess, who had obtained a judgment, started a garnishment action after Bell's death, tying up Mrs. Bell's savings account in a bank.

### Funds Retain Identity

Judge Gausewitz dismissed the contention of counsel for Hess that as soon as Mrs. Bell deposited her share of the insurance money in the bank, the insurance money became mixed with other funds, lost its identity and became an investment which was subject to garnishments.

The court held that the money in the bank did not lose its character as "proceeds and avails" of life insurance and that it is still exempt from garnishment. The law "seems to recognize the special predicament of a married woman caused by the death of one in whom she has an insurable interest, and makes the policy her sole or separate property" for the benefit of herself and children, the opinion held.

"The Volunteer Circle," elected the following on the basis of their production:

J. W. Bishop, Chattanooga, president; C. G. Hall, Port Arthur, first vice-president; J. W. King, San Antonio, second vice-president; W. H. Stevenson, Florence, S. C., secretary, and G. B. Stackhouse, Mullins, S. C., treasurer; directors, Frank Powell, Mobile; J. H. Jarvis, Knoxville, Tenn.; J. M. Smith, Memphis; G. W. Williams, Tampa, and C. C. Crady, Fort Worth.

### High Persistency Rate

The Volunteer also has a "Distinguished Service Group," 12 men who came to the convention with a persistency rate of 75 percent or better. On June 30 these 12 representatives had an average persistency rate of 86.8 percent:

H. M. Carter, Jackson, Miss.; C. C. Crady, Fort Worth, C. A. Creagh, Abilene, Tex.; C. G. Hall, Port Arthur, A.

(CONTINUED ON PAGE 22)

to stockholders and policyholders to raise a fund to fight the Ohio department's handling of the company. **Page 8**

A. R. Jaqua of the "Diamond Life Bullets" tells about the **Midland Mutual Life** convention. **Page 3**

The **Yeomen Mutual Life** explains that the tax case dispute with the Iowa department refers only to its old fraternal business. **Page 8**

Need for insurance to respond to the influences of the day is pointed out in a New York dispatch. **Page 11**

Philadelphia's mayor is endeavoring to cancel the Prudential group policy on the police force. **Page 6**

Missouri department cites many fraternals for a hearing on their rates and plans. **Page 21**

Northwestern Mutual announces changes in some rules and policies. **Page 19**

Country Life of Chicago passes the \$100,000,000 mark. **Page 15**

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Wisconsin Life's agency convention is held. **Page 7**

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Volunteer Life gains are related at its agency convention. **Page 6**

## Philadelphia Mayor Stirs Issue as to Insurance Cost

### PRUDENTIAL IS THE VICTIM

Wilson Threatens to Cancel Group Life and Disability Policy Covering Police Beneficial Association

Mayor Wilson of Philadelphia has announced his intention next month to cancel the group life and disability policy of the Prudential covering the Police Beneficial Association. He said suit would be started against the Prudential to recover an alleged \$225,000 surplus in the policy and \$75,000 paid in commissions. The mayor charged that while the policy paid \$2,000 at death, many of the men did not know that it also paid \$2,000 for disability. He charged that no dividend had been paid, that the rate of \$3.75 per month was too high, that other companies had offered to write the business at a premium of \$99,000 less per year. He charged that former Superintendent LeStrange, who at that time was a captain, forced the members of the association to vote for the Prudential.

Statements in reply were issued by H. T. Brookings, manager of the Prudential's group department, and James Little, vice-president and actuary.

### Outgo Approximates Income

Mr. Brookings stated that the Prudential has collected over \$3,000,000, has paid over 1,400 claims approximating \$3,000,000. The difference between what has been paid and what the Prudential has paid in claims is about \$250,000. There are some fixed charges against that such as the 2 percent tax on claims. Commission of 2½ percent was formerly paid but is not being paid now. The difference between commissions and taxes and claims and what the Prudential has collected is about \$113,000. Prudential has paid at least 48 disability claims, according to Mr. Brookings. In the last six or eight weeks, the Prudential has received about 44 disability claims.

The case was written over 13 years ago and was issued through the Philadelphia agency when Mr. Williamson was in charge there. The commissions that were paid were entirely legal and they would have been about \$75,000 over a period of 10 years. Mr. Brookings said that Mayor Wilson had suggested a rate of \$2.20. Under such a rate, Mr. Brookings declared, the Prudential would lose more than \$1,000,000 a year.

### LeStrange Private Detective

LeStrange now has a private detective agency. He denied that he had coerced the acceptance of the policy of the Prudential. He said that when the policy was taken out he was only a detective on the force and had little influence in the association. Representatives of all companies appeared before the association and the vote showed two-thirds in favor of the Prudential and one-third for the Metropolitan Life.

It is a question whether the mayor has any power to cancel a contract since the association is strictly voluntary and has no connection with the city and has never received aid from the city council. The association was organized in 1888. Until 1912 it was operated on a post mortem basis. In that year a group policy was taken out with the Aetna Life and was canceled two years later for non-payment of premium. The association developed a deficit. This was finally liquidated by contributions and in 1923 the present Prudential policy was taken out.

### Willard King on Job Again

Willard King, general agent at Grand Rapids, Mich., for United Mutual Life of Indianapolis, has returned to his office after having been incapacitated since May 24. He underwent an appendectomy and gall bladder operation.

## Wisconsin Life Celebrates Frey's Silver Anniversary

### COMPANY GROWTH REVIEWED

#### Superintendent of Agencies Holdhusen Announces Plans for Greatly Increased Insurance and Annuity Drive

This week the Wisconsin Life of Madison, Wis., held its annual convention celebrating the silver anniversary of President N. J. Frey. Preceding the convention "open house" was held in the newly remodeled home offices. The Wisconsin Life with G. R. Holdhusen as superintendent of agents, with its assets in fine shape, plans on a greatly increased drive for new business, both in insurance and annuities.



N. J. FREY

creased drive for new business, both in insurance and annuities.

The Wisconsin Life started as a "natural premium life company" in 1895. Until 1902 it was an assessment association changing them to the legal reserve 3 1/2 percent basis, but business continued to decline and the company was gradually fading out of the picture.

#### N. J. Frey's Appointment

In 1906 a young man who was working his way through the University of Wisconsin, got a job in the state insurance department. One of his duties was to check over the Wisconsin Life. So well was this done that the directors on June 19, 1911, appointed N. J. Frey secretary and manager. In 1922 he was made president and has so continued.

Mr. Frey had little to start with. In the six months preceding his appointment as secretary and manager a total of \$28,000 had been written. Today the record is as follows: In force, \$22,500,000; 12,500 policyholders; 150 agents; operates in four states, Wisconsin, Michigan, Minnesota, and Ohio; assets, \$4,508,000.

The company writes all standard forms; accepts no brokerage; accepts no reinsurance; writes waiver of premium only, and writes juvenile from age 0 with adult limits down to age 10.

Their average mortality has been under 40 percent for the past 15 years.

#### Commissioner Mortensen Opens

The convention was opened on Monday morning by Commissioner Mortensen of Wisconsin, who said that no company and no agent need fear the department if their work was done as it should be done, but that to any twisters or rebels the law would be enforced without fear or favor. Mr. Mortensen especially recommended that agents study and inform themselves so that they could better serve their policyholders and themselves.

Other speakers at the morning session were: C. O. Thomas of St. Croix Falls; E. C. Severson, Madison; E. Bruce Gay,

Eau Claire; and A. R. Jacqua, associate editor of the "Diamond Life Bulletins," Cincinnati.

Speakers at the Tuesday morning session were: Walter F. Turck, Milwaukee; Adam A. Schuler, Monticello; W. A. Freehoff, Waukesha; W. C. Silverthorn, Sheboygan; J. T. Gormican, Fond du Lac; E. L. Walrabenstein, Waukesha; C. R. Pierson, Minneapolis.

Speakers from the home office included N. J. Frey, president; G. D. Adams, secretary; M. N. Hanson, assistant secretary; G. R. Holdhusen, superintendent of agents; Dr. H. E. Van Riper, medical director, and J. L. Johnson, educational director.

C. O. Thomas, after 15 years in the business, said that success often depends on the back seat driver, and recommended that every life underwriter marry a girl who would stimulate him to greater efforts. He said the finest quota he had ever discovered was "how much money do you need" and he said that if a man would set such a quota up for his weekly needs, he would necessarily write more business. E. C. Severson told of a number of cases written on the endless chain method.

#### Production Hints Given

Other speakers showed how to increase production by following up age changes, by selling income instead of lump sums, by the use of simple programs, by keeping a positive mental attitude, by extending rural acquaintanceships, and by giving service to policyholders. A. R. Jaqua closed the morning session by giving 10 sales ideas including charts and diagrams, drawing upon an experience which includes personal selling and knowledge of the working methods of many hundreds of underwriters in many states.

As is customary with most modern conventions, entertainment made up a large portion of the Wisconsin Life's gathering. Those who wished took a two-hour boat ride. Others played golf and visited places of interest.

The evening banquet, to which all agents and their wives were invited, was addressed by President Frey.

#### E. R. Lehman Is Honored

SHEBOYGAN, WIS., Aug. 6.—In recognition of 20 years of service with the Metropolitan Life, E. R. Lehman, manager of the Sheboygan district, was honored at a dinner dance at Pine Hills Country Club by his agents and assistant managers. Frank J. Manning, manager of the Sherman Park district in Milwaukee, as toastmaster, presented Mr. Lehman with an emblem which signifies membership in the Metropolitan Veterans' Association. On behalf of the agency force, Alex Burkart, of Plymouth, presented him with a silver plaque on which the names of all agents of the Sheboygan district are engraved. Glen J. Spahn, assistant superintendent of agencies in the Great Lakes territory, was present and gave an address honoring Mr. Lehman, who became affiliated with the Metropolitan in Racine, Wis., in 1916, served as assistant manager in Milwaukee, manager in Wausau, Wis., and coming to Sheboygan eight years ago as district manager.

Henry Hale, who died at his home in Orange, N. J., at the age of 86, was the oldest member of the managerial staff of the Equitable Life of New York in point of service. He started with that company in its early years. He served as general agent in New York for 56 years. He was a large personal producer as well. When he entered the business the insurance in force in the United States was less than \$1,000,000,000. He was a native of St. Louis and went to the east after the civil war. He had resided in the Oranges for nearly 60 years and had occupied his late home in Orange for over half a century. He had been an elder in the First Presbyterian Church of Orange for over 40 years and was the senior elder at the time of his death. He celebrated his 63rd wedding anniversary last April.

**T**

The Metropolitan pays tribute in its August advertisement\* to the real Life Insurance man who is both a student and a salesman.

Experience has taught him that "circumstances alter cases" and that each case demands individual study. Good advice for one may easily be impractical for the next.

Sound underwriting is a science. Friend-making salesmanship is an art.



\*Business Week, Collier's, Cosmopolitan, Forbes, Nation's Business, Saturday Evening Post, Time.

## METROPOLITAN LIFE INSURANCE COMPANY

Frederick H. Ecker, Chairman of the Board

Leroy A. Lincoln, President

ONE MADISON AVE., NEW YORK, N. Y.

# CASH IN ON A&H INSURANCE

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## Seeks Fund to Fight Ohio's Handling of Federal Union

### EX-PRESIDENT MAKES APPEAL

Critic of Superintendent Bowen's Management Goes to Policyholders and Stockholders

R. B. Palmer of Cincinnati, former president of the defunct Federal Union Life, has issued an appeal to stockholders and policyholders to assist him in raising a fund with which to combat the handling of the company by the Ohio department, which took it over last December. Mr. Palmer has been a severe critic of the department's management of the company.

For months the Ohio department has been working on plans for the rehabilitation of the Federal Union. At times, it seemed that feasible plans had been worked out, but they proved unworkable. Superintendent Bowen has just returned from New York where he spent several days discussing three tentative plans with Fackler & Breiby, consulting actuaries. He hopes to have a recommendation from them this week.

#### Real Estate Expert Appointed

Mr. Bowen announced that R. T. Cragi of Cleveland, a real estate authority, has been placed in charge of the appraisal of the Federal Union's city property. The department is still working on the appraisal of farm property.

The division has been much embarrassed by reports that have been circulated regarding the company's condition and the plans of the department, the superintendent said. He still believes a rehabilitation plan can be worked out. He vigorously denied reports that the department has compiled evidence against former officers and would institute suits at once.

"Some of the statements that are being made," said Mr. Bowen, "are news to me. And practically all of them are without any foundation whatever."

It is understood, however, that if anything is uncovered that involves former officials the prosecuting attorney in Hamilton county will be notified at once. Up to this time, the department is inclined to believe that its misfortunes are due more to mistakes of judgment than anything else.

#### Impairment Set at \$1,200,000

Assets are impaired, as has been known for a long time, this figure being placed as high as \$1,200,000. The company is said to be a \$4,000,000 concern.

One of the reports says that the company has a loan of approximately \$240,000 on land in the northern part of the state, which has been appraised at only \$59,000. The book value of mortgage loans has been put at \$1,113,051, while an appraisal lists these as worth not much more than \$811,000. According to reports the book value of farm property Dec. 1, 1935 was \$466,101, and the appraised value at this time is \$192,660. The book value of city property is reported to have been \$1,418,478 and the present appraised value \$578,080. Mr. Bowen says, however, that the appraisal of both farm and city property is still under way and he will not know the actual situation until these appraisals have been completed.

Mr. Bowen refused to discuss any of the proposed plans for rehabilitation, declaring that their publication might hamper the department. It is said that two or three companies have made offers to the department to manage the company for a certain percentage fee, but these were promptly rejected by the department.

#### SPECIAL DEPUTY NAMED

Arthur W. Findley, an examiner in the Ohio division of insurance, has been

## Executive Has Been With Oregon Mutual 20 Years



WILLIAM C. SCHUPPEL

William C. Schuppel, nationally known life insurance executive and author, on Aug. 1 celebrated the 20th anniversary of his affiliation with the Oregon Mutual Life.

Mr. Schuppel rose from western Oregon supervisor to executive vice-president and director. He is vice-president of the American Life Convention. He has also served as vice-chairman of the Life Insurance Sales Research Bureau.

Mr. Schuppel has written six books on life insurance selling and upwards of a million copies have been sold. A popular lecturer, he has delivered one lecture, "Getting Rid of Your Mental Hazards," more than 300 times. During his association with the Oregon Mutual, Mr. Schuppel has seen its insurance in force increase more than five times and assets increase more than 12 times.

## Explanation Is Given of the Yeomen Mutual Case

### IS RESISTING FRATERNAL TAX

Legal Reserve Business Is Not Involved in the Dispute With the Iowa Department

DES MOINES, Aug. 6.—Insurance business written by the Yeomen Mutual Life since its transformation to an old line legal reserve basis in 1932 is not involved in the action it has brought here to restrain the insurance department from collecting a 2½ percent premium tax on business written in earlier years while the company was operating as a fraternal.

Explaining the action of the Yeomen Mutual in bringing the injunction proceedings, Secretary G. F. Wall stated this week: "In 1932 our company became a standard legal reserve company and has paid the premium tax on all business written since then. We have been willing and glad to pay any tax which is just. But we contend that it is not fair for the state now to go back 40 years and tax us on fraternal business which was written while the company was operating as a fraternal. It is the effort of the department to levy a tax on this business written prior to 1932 which we are resisting."

"If the state feels that there should be a tax on fraternals it should notify such companies and give them time to prepare for it. If these tax proposals in Iowa and other states go through, it means that living members of fraternal organizations will have to pay for millions who have died."

Julius A. Schmahl, president of the Modern Life of St. Paul, is ill with pneumonia in a St. Paul hospital. Mr. Schmahl is also secretary of state.

The Danish Brotherhood of America of Omaha has been licensed in California.

## Government Policies Available

In spite of the numerous drives and dead lines, converted government insurance is still available to a large percentage of ex-service men, according to J. H. Rader, statistician, THE NATIONAL UNDERWRITER. If insurable, the veteran can obtain any amount from \$1,000 to \$10,000 if he has taken no action in that direction since the war. If at some time he converted part of the old \$10,000 and later surrendered it for cash, he is eligible for only the difference between the amount surrendered and \$10,000.

The government is one of the few remaining insurers offering income disability. The regular premium covers a disability clause which waives premiums and pays \$5.75 per \$1,000 beginning immediately after proof of total permanent disability. This \$5.75 monthly income is guaranteed for at least 240 months and for so long after that time as the insured lives and continues so disabled. Should death occur before 240 months the beneficiary receives the commuted value of the unpaid installments required to complete 240 months. In addition to this, the applicant may pay an extra premium for a clause providing \$5.75 additional under which payments are not deducted from the face amount in event of disability.

This insurance must not be confused with the 20-year endowment policies which were issued as adjusted compensation and were just recently terminated

appointed a special deputy in charge of the rehabilitation or liquidation of the Federal Union Life. He will take a leave of absence from the department in order to attend to his new duties.

by payment of the "bonus." The adjusted compensation cost was paid entirely by federal appropriation and had no connection with war risk or converted insurance carried by the veteran.

Since the close of the war approximately 25 percent of the veterans have paid some premiums but only about 12.5 percent are still insured.

With slight modification the government is continuing the war-time plan for those now in active service. This active service includes the coast guard in addition to the army and navy. Within 120 days after entering active service, officers and enlisted men may apply for 5-year convertible term insurance. As indicated by the name, this contract may be converted to permanent insurance by the insured.

### Chicago C. L. U. Committees

Committees of the Chicago C. L. U. chapter are announced by L. M. Buckley, Provident Mutual, the president. The chairmen are: Executive, Frederick Bruchholz, New York Life; executive chairman, program, membership and publicity committees—Talmage Smith, New England Mutual; program, Dave Dawson, Mutual Trust Life; membership, W. W. Gillespie, Mutual Trust Life; publicity, Eugene Lysen, New York Life; executive chairman, reception, education, constitution and by-laws committees—Helen Thomas, Equitable Life of New York; reception, Ralph Hamilton, Penn Mutual; educational, Earl M. Schwem, Great-West Life; constitution and by-laws, Brooks Fuller, Prudential.

## Equitable of N. Y. Policies Persist

Second-Year Record is 91.52 Percent for First Half of 1936

### SEE CAREFUL PLANNING

Agents Are Schooled in Conservation Value and Are Encouraged to Follow Up Anniversaries

NEW YORK, Aug. 6.—A record of 91.52 percent for the first six months of this year in second year premium persistency is reported by the Equitable Life of New York. This is the best showing in the history of the company. From January to June, 81 agencies of the Equitable achieved a second year persistency record of 90 percent or better.

Conservation of business is one of the foremost problems in life insurance today and the Equitable's high record is due to a carefully planned program. The agency department and particularly Second Vice-president A. G. Borden, pay special attention to the conservation problem, emphasizing its importance to agents in their earliest training. An agency honor roll is maintained and managers compensated for their efforts in spurring agents on to building and retaining a policyholder clientele. One of the principles enunciated in all the training courses and ingrained into the thoughts of agents and representatives from their first day of association with the company is "every policyholder a client."

#### Suggestions to Policyholders

A month previous to the date of sending out the first premium notice to the policyholder a duplicate of it is sent to the agent. One side of this memorandum contains a list of 10 services the agent can and should render his client. He is asked to check those subjects brought up in his interview with the policyholder, assuming of course that the agent made a personal call after receiving the notice, and return the slip to the home office. The 10 items listed are the arrangement of convenient premium payment dates, a check-up of the policyholder's correct address, a recommendation for the use of dividends, recommended insurance for wife or children, the revised beneficiary clauses in the client's policies, such as contingent beneficiaries or income provisions, the conversion of term insurance to permanent insurance, taking under advisement the reduction of the policy loan or the suggestion to insure it, the explanation and presentation of new policies being issued by the company and lastly, the securing of the names of three new prospects known to the client.

Realizing there is a definite relationship between trained agents and the persistency of business, the Equitable employs an extensive training course for its men. A trained agent is an asset to his company in the original writing of business and also in the development of friendly relations with the policyholder, keeping him interested in the company that is writing his insurance.

#### Message from President

Another method used by many of the companies is the practice of enclosing with the premium notice a card or small leaflet containing a message from the president or describing a new policy or feature of the company, giving just enough information to what the client's curiosity. Receipt of 800 replies by

## How a New Agency Head Plans to Go About Recruiting

A newly appointed general agent for one of the medium sized eastern companies in a middle western city, who has undertaken the job of building a new agency, has set up a rather definite recruiting program. He is a young man who has been out of college about 10 years and has a rather clear cut idea of the objective he is seeking. He wants to build an agency, in which the men will be making a living and will be happy in their surroundings. In the course of time he hopes that the agency will be able to function smoothly and that he will be able to hold the reins with a light touch and will have time for leisure and travel.

This general agent believes in approaching the recruiting job in the same manner as a good agent approaches the job of selling insurance. He intends to interview friends, clients and others in a systematic way and get from them the names of young men presently employed who are prospects for agency work. This general agent intends to limit his prospecting to men 35 years of age and under who are earning \$150 to \$250 a month. He believes it is not well to go after men earning more than \$250 a month.

#### Realistic Picture

He intends to present a realistic idea of insurance selling to prospective agents. He will tell them that for men of the right stature, who will follow instructions and apply themselves, an income of \$300 a month from insurance selling can all but be guaranteed, and he tells the prospective agent for \$300 a month is "good money" any time.

He intends to seek prospective agents particularly among large corporations, where the employee may be discouraged because of the apparent lack of opportunity with so many ahead of him.

This general agent is prepared to do some financing and feels that it will be imperative with most of the new men. He feels that a new man cannot succeed at first without financing, particularly where much of the business is on a quarterly or semi-annual basis. He feels that if he is careful in his selection and does not attempt to put on too many men at one time that he can control the situation and avoid being imposed upon. By taking men who are presently employed and are willing to give up a job certain with a small income for work of an uncertain nature with larger promise this general agent believes that he is likely to get a conscientious type of man, who will not be interested in having as long a ride as possible at the general agent's expense, but that he will be the type who will regard the advance as priming.

the Equitable in one day to such an enclosure evidences its effectiveness.

Mr. Borden paid special tribute to the excellent work done by Equitable cashiers for their persistent efforts in sending out premium notices and letters to policyholders. Most of the companies send follow-up letters if the premium notice is not heeded and a personal call is made by the agent before a policy is allowed to lapse. It is a healthy sign that there have been fewer lapses and surrenders in the past year than for several years passed and loans are being paid up.

One of the finest aids to the agency department of a company is the maintenance of a monthly graph showing the percentage of new business obtained as compared to the old business kept in force.

It is the opinion of many agents that a large percentage of business that goes off the books could be kept in force were it not for the inertia that seems to possess agents when they are confronted with the advisability of calling on their present policyholders. In some

cases, fear may be the cause of it. In other cases, some agents may allow policies to lapse with the thought of rewriting them later and securing a new commission. Because the majority of agents do not service their policyholders to the extent they should, one large general agency in the city of New York used to have a salaried man who did nothing but conservation work. Lean years abolished that luxury, but during the period of his association with the organization, gratifying results of his work were obtained.

#### Research Bureau Banquet

The banquet that was held the evening before the final day of the Chicago agency building school conducted by the Sales Research Bureau was on the gridiron style, with the students lampooning their instructors. Several skits were staged by those who had been attending the school and other stunts were arranged. Paul Cook, the big producer for the Mutual Benefit in Chicago, was

toastmaster. C. J. Brackley of the head office of the Canada Life was chairman of the committee on the arrangements for the banquet. Those at the head table included M. B. Cederstrom, vice-president and secretary American Service Bureau, Cecil F. Cross, agency manager Lincoln National Life, W. F. Poorman, vice-president and actuary, Central Life of Iowa, John Marshall Holcombe, Jr., manager Sales Research Bureau, Carl Peterson, vice-president and agency manager Northwestern National Life, Miley Phipps, head office agency department of the Continental Assurance, J. C. Carroll of the head office agency department of the Lincoln National, and H. J. Burridge, NATIONAL UNDERWRITER.

#### Huebner to Speak in St. Louis

Dr. S. S. Huebner will be in Kansas City Sept. 11 to confer with members of the local C. L. U. chapter and to speak to members of the Life Underwriters Association.



## If All Men Could Read These Stories

Few family providers would neglect their life insurance protection if all of them could read the story behind each claim paid.

They would learn of homes saved, children educated, businesses preserved, families kept intact and numerous other benefits made possible.

Alert salesmen know that the best argument they can present is the record of life insurance itself.



**The Prudential  
Insurance Company of America**

EDWARD D DUFFIELD, President

Home Office - Newark, New Jersey

## Technique of Approach and Sales Talk Analyzed

An informative analysis of a sale was presented at the Business Men's Assurance's sales meeting in Los Angeles by J. P. Baldwin, state manager at San Francisco. Mr. Baldwin recommended that the introductory remarks and sales suggestions be memorized and that the agent practice delivery until he can say them in a fluent and convincing manner. The particular value of Mr. Baldwin's outline is the fact that he anticipates lack of interest, a wish to get rid of the agent and objections on the part of the prospect.

Salesman: This is Mr. Wilson, I believe.

Prospect: Yes, sir.

Salesman: Brown is my name. I learned about you and am calling on you in the interest of my company, the Business Men's Assurance Company. In order to give a busy man like you a quick idea of what we have to offer, I have arranged an outline which requires about three minutes to examine. I would like you to take a quick look at that outline, and then if you are interested we will discuss the proposition. If you are not, we won't.

The approach should be poised and confident. The opening sentences should be somewhat slow, deliberate and emphatic, but when the name of the company is mentioned, transmitting the information that the salesman is in the insurance business, the talk should be speeded up so as to get entirely through with the introductory remarks and have the proposal spread out in front of the prospect before giving him an opportunity to cut in and raise any objections to being interviewed.

### Make Proposal Before Objection Is Raised

There is considerable technique in getting the proposal in front of a man before he has an opportunity to raise an objection, and it should be your first aim to accomplish this with a large percentage of the men contacted.

The purpose of your work is to make immediate sales and to develop prospects for future sales, and the introductory remarks are designed to get you the maximum number of quick interviews.

After delivering the introductory remarks and placing the proposal in front of the prospect, you pause briefly, giving the prospect an opportunity to glance over the page, and if no objection is raised, you assume permission to present your plan and go immediately into your sales talk. Many people, however, will demur, and as soon as given an opportunity will try to terminate the interview and the introductory remarks are designed to anticipate the usual first objection and "get around it" without

attempting to answer it. The most common objections to granting an interview are as follows:

1. It would be wasting your time and mine, too.
2. If it is insurance, I couldn't possibly consider it because I have all I can carry now.
3. If it is insurance, I am not interested.

A good answer to the first objection would be, "I would not let it waste very much of your time or mine, and that is why I prepared the outline which requires two minutes for examination and with the idea of determining whether or not it would be to our interest to discuss the matter. If you will take a look at the outline, that can quickly be determined."

A good answer to the second objection is, "You would perhaps be interested in looking at the outline, anyway, because this plan is unusual and is creating quite a bit of interest among men who examine it. I would be glad to show it to you, even though you do not make a purchase."

A good answer to the third objection is, "I had rather hoped you would take a look at the outline before deciding whether or not you are interested. It takes only two minutes, and if you will do so and find you are not interested, I will thank you for the courtesy and be on my way."

A good stock reply for most any objection to being interviewed is as follows: "I appreciate that, but hoped you would defer judgment at least until after you had glanced at the preliminary outline."

### Give Prospect Opportunity to Ask Questions

When your prospect begins looking at the outline, keep still until he has had an opportunity to glance over the page. Give him an opportunity to ask a question or make some comment if he will do so. If you decide that he will not do so, go into your interview something like this:

"I would especially call your attention . . . (discusses first point in outline).

Then pause so as to permit your prospect to make some comment or ask a question. Try to take advantage of the first question to extend the time limit on the interview (originally 3 minutes.)

This can usually be done in some manner such as this:

"I am glad you asked that question and am pleased to give you the information; it will, however, require a little longer than the three minutes for which I asked."

Then give the information and pause for comment by the prospect. Thereafter conduct the interview along the lines of interest brought out by the prospect. (Be careful not to ramble or lose control of the interview.)

When the prospect has become sufficiently interested to ask some questions,

you are making real progress, but must be most alert in handling this part of the interview. Brevity and directness in answering questions are of the utmost importance. Do not ramble or get off on long-winded illustrations at this point, no matter how good they may seem to be. After answering a question, pause and wait for the next question or comment. The brevity of your answers should be progressive toward answering a question if possible with two words, "Yes, sir," or "No, sir."

### Answer Further Questions As Briefly as Possible

In answering the first question you may take quite a little time, especially to remove the original time limit on the interview as mentioned above; the answer to the second question should be much shorter but not extremely brief; the answers to the third or fourth questions and any subsequent ones should be as brief as possible and the few words necessary for the answers should be said with as much emphasis as possible.

After answering each question, pause and wait for the next question. There is a lot of power in answering briefly and waiting. It has the effect of unconsciously saying to the prospect, "That question is properly answered and it is your next move." It almost compels the prospect to think up another question and ask it, and every constructive question satisfactorily answered is tending to put the prospect in a position where it will be easier for him to buy than not to buy. In fact, it may put him in a position where he would feel embarrassed not to buy.

### Make Prospect Break Pause, Don't Get Nervous

After answering questions briefly and pausing, do not be afraid or get nervous because of long pauses and wait your prospect out, making him break the pause by some comment or another question, if possible. Do this until you feel certain that he has no further questions to ask, and when this time arrives and after keeping silent for a little longer than usual to make sure that he has no more questions to ask, you may assume that your prospect is satisfied, and you should break the pause in some such manner as this:

"Do you think of any other questions you would like to ask?" to which the answer will very likely be negative, then you proceed something like this:

"From the interest which you have shown and the questions you have asked, it seems apparent that this plan meets with your approval, and that you should have it. If you are eligible, I shall be pleased to recommend you to the company and do what I can to help you secure it. In order to find out if you are eligible, it is necessary to ask you some questions, and with your permission, I would like to secure your answers to these questions."

### Read Question from the Application Blank

At this point do not wait for an answer, but read one of the questions from the application blank regarding medical history, such as "Have you consulted or been treated by any physician or surgeon within five years?" and enter the answer if given you, and proceed with the rest of the questions in the application.

If your prospect is favorably impressed with your plan and would like to have it but has not yet reached the point where he would voluntarily tell you he would buy, the assumption upon your part that he is satisfied together with a polite procedure toward preparing his application blank, in many cases will be sufficient to close the deal when it might be extremely difficult to sell the man so thoroughly that he would voluntarily tell you he had decided to take it.

You may, however, run into some difficulty when you try to fill out the

application. The man may say, "Is this an application you are filling out?"

The answer is "Yes, sir, and with your permission, as stated before, I would like to have the necessary information, first to see if you are eligible, and then to be used to secure the plan for you, if it meets with your approval." Then try to complete the application.

### If He Hesitates He Needs More Information

If you are temporarily stopped at this point and can see that your man is not yet sufficiently sold to permit you to fill out the application, it is usually best to assume that his hesitancy is due to his not yet having all of the information which he should have or he would buy, and that even though you handled the "question and answer stage" of the interview properly, and to where it seemed evident that the prospect had asked all the questions that he wanted to ask, that you must have been mistaken and it is usually best to get back to the proposal as quickly as possible. Failure to buy at this point is usually more in the way of a demur or hesitancy, or indecision rather than because of a definite objection. If the hesitation or indecision is of a mild nature it often means that the man wants reassurance and someone to agree with him that if he does buy he will be doing a wise thing. A few words expressing confidence in his judgment (assuming that he is about to decide in favor of the proposal) may be all that is required to complete the deal.

If your prospect is not yet completely sold, the attempt to close will get you down to facts where a further discussion may be had on favorable grounds, and if you have conducted the interview as suggested you should have the advantage during the remainder of the interview. Remember that you are trying to make it easier for the man to buy than not to buy. Do not argue, or contradict a statement, but go along with him on his side of the fence as much as possible.

### Get Interest and Control Upon Plan Presented

One of the main ideas of this type of selling is to get interest and control the interview so thoroughly and concentrate so completely upon the plan presented, that the prospect will see its advantages so clearly that there will be no room in his mind for the commonplace objections which are usually raised to buying insurance. If you handle an interview skillfully, in many instances you can go right straight through and secure an application and check without those commonplace objections being thought about or expressed.

If, however, there have been interruptions or if for some reason you have been unable to conduct the interview in the perfect manner which you would like, some of the commonplace objections will undoubtedly come up, but you still have an excellent chance to make a sale if you handle them properly. The first objection may or may not be important, and instead of attempting to answer it you may be able to make a sale by going back to the proposal in this manner:

"Before you definitely come to that conclusion, I would like to review the benefits of this plan with you again, and balance the potential benefits provided against the small outlay required. You may also think of some more questions you would like to ask."

Then turn back to the proposal and go over it again; get the prospect to ask a few questions; pause for effect as before, and finally ask if he has any more questions. If he says "No," again say, "I am sure you will be satisfied with this plan and now let's complete the information."

If the prospect does not again raise the same objection, you can assume it was not very important. If he comes back to it again, the chances are you will have to answer it using the most logical answer.

## Need for Response to Voice of Times

Insurance Men Should Recognize the Change in Public Sentiment

### MORE REGULATION SEEN

Governments from Washington Down Are Reaching Out to Exert More and More Power

NEW YORK, Aug. 6.—Officials and agents of insurance companies who are politically minded realize that there has been a great change in the attitude of government from Washington clear down the line to the most humble hamlet or rural supervisor as to assuming authority and attempting to regulate people and business. The old idea that the government should keep its nose out of business, for the time being at least, is pretty much in the discard. Government is assuming more and more regulatory functions, laying down rules and putting up requirements of all kinds whether it has real authority or not. President Coolidge was one of the chief advocates of keeping the government out of business as much as possible. His day is past and there is a new era at hand.

#### Hand is Pressing Harder

Insurance realizes the hand of government and appreciates that it is pressing harder and harder. There is not only regulation from Washington to a considerable extent but the state insurance departments are reaching out more and more, making additional demands. The president of one of the leading companies in analyzing the situation makes some intelligent comment along this line in speaking to THE NATIONAL UNDERWRITER when he says:

"I have always been a believer in allowing private business to be private, to rely on individual initiative, ambition and grit to carry along an institution in a progressive and secure way. I have looked with abhorrence on bureaucracy and the effort of government to tell us what we should do and how we should do it. It is rather humiliating to feel that we have reached a point where we are commanded, even on a number of details.

"However this may be, a condition and not a theory confronts us. Insurance is face to face with more and more regulation. There are rules of all kinds laid down, we have to do this, that or the other. Many of us resent this. We are inclined to assume a belligerent attitude and endeavor to fight the powers that be. I think that this is a mistake. We must recognize the fact that we are passing through a stage in business evolution. Insurance, of course, is impressed with public interest. It comes very near the people. Policyholders are demanding greater security. The insurance departments realize that a responsibility, very direct and vital, is placed upon them. They not only want to establish greater security but they desire to eliminate discrimination and give everybody a fair and square deal. Therefore it seems to me that it behooves us to yield in a graceful way where no great principle is involved, recognizing the trend of the times, endeavoring, however, to curtail any further encroachments of moment.

"We must become more politically minded and deal with public questions in a thorough going, sensible, tactful way. I believe that today insurance

needs safe, sane, progressive and sensible political guidance. It cannot afford to assume a defiant or independent attitude. It must keep abreast with the procession and must stand among the forefront of great business enterprises in its service to the public. Therefore as public opinion veers, insurance must recognize the changing days, not doing anything to weaken its foundations or devitalize its structure. I think sometimes that insurance is behind the times in that we are not recognizing the changes that are going on and trying to adapt ourselves to them."

## RECORDS

**Travelers**—June saw the first advance over the 1935 record in regular life insurance. July so far is holding that record. Group for 1936 so far has topped 1935.

**Midland Life**—Showed \$122,000 increase in assets for first six months. Terminations decreased at least 25 percent. Showed a substantial gain in business in force, compared with a loss a year ago. Reinstatements increased markedly.

**Great-West Life**—Shows a 47 percent gain in placed business for July. New production has mounted steadily since the first of the year with an average increase of 19 percent. During July, gains were reported by 80 percent of the agencies. Business in force shows an excellent increase for the first six months. Since Jan. 1 the company has opened four new branches in the United States, the most recent expansion being the enlargement of its agency quarters in Chicago and the opening of a new branch at Carbondale, Ill.

**State Mutual Life**—Along with its steady gain in paid business the company reports improved persistency increases in business in force, and decreases both in insurance surrendered and in the policy and premium loan account.

More than 60 percent of its agencies have shown a persistency record greater than average. A survey of the policy and premium loan account, which shows an eight percent decrease, is in agreement with this trend. In addition, there is a 30.5 percent decrease over the same period in the amount of surrender money paid.

**Philadelphia Life**—President's month in June was the largest of any month in several years. The volume was slightly over the \$1,200,000 record set last year. Gains in force for both June and July are reported.

**The Co-Operative Life** of Columbus has just closed a two-week campaign in which the \$1,000,000 production mark was reached.

**M. E. O'Brien**, Service Life, Detroit—Produced \$250,000 of new business June 23-July 23, in joint celebration of President's Month and the first anniversary of the Detroit agency. Starting a new agency from scratch in July, 1935, Mr. O'Brien has produced more than \$1,500,000.

**Arthur J. Hill**, State Life, Ind., San Francisco.—The California agency again led all agencies of the company for July. E. L. Buchanan, San Francisco, led in personal production for the third consecutive month.

**Samuel C. Lawrence**, Penn Mutual Life, Huntington, W. Va.—49 1/2 percent increase for the first seven months this year. The increase in number of lives paid for during same period was 70 percent.

**B. A. Wiedermann**, Union Central Life, San Antonio, Tex.—Paid for more than \$400,000 business in July.

**William C. Peeks**, Chicago, manager Illinois department of the Reliance Life—Increase of 102 percent in written business and an increase of 38 percent paid for during July, 1936, over the same month of 1935. During August, the Illinois department is celebrating "Braun month" and from early returns indications are shown for the fourth consecutive record breaking month.

## Programs for Life Insurance Are All Important

By Otto Garr Tague

I have been greatly encouraged by one tendency that seems to be clearly indicated. I refer to the education of life men in the essentials that will result in programming. For while considerable "package" selling of policies may always be anticipated, certainly it would seem that prospective buyers of insurance can have their own best interests served by those agents who are sufficiently conversant with those of the dozen or more of the standard forms of policies, supplemented by special policies their companies sell, that will give to them the utmost of service required by their individual needs and provide them with a house of protection instead of the pile of uncorrelated building material they now have on hand.

It cannot be denied that too many life insurance programs resemble a miscellaneous assortment of building materials each of which is, of itself, highly valuable and worth all of its purchase price, but lack the co-ordination of purposes and design that are essential to the creation of a structure that will effectively and economically serve the needs of each member of the family.

For this condition there are two principal reasons. First, the inclination of many purchasers of life insurance, through ignorance of the many ways in which it may best be applied, to buy a

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E. P. Greenwood, President

HOME OFFICE: HOUSTON, TEXAS

policy here and there and now and then. In many such cases policies have been acquired under the impulse of moods, rather than upon the basis of sound logic. The agent who catches them in a buying mood sells them a policy because they have the money available with which to pay for it. They like him. They know, instinctively, that they should have more insurance. So they buy in what he specializes without much thought as to the manner in which the various policies that have been acquired constitute a real program that will serve all of their many needs. In this way they have accumulated valuable building material, but have not as yet co-ordinated it into a real life insurance structure.

In the second place, too few agents have devoted the requisite time, study and effort to the professional side of their work. They have been content to be known as "package" salesmen. They are specialists who have learned that

this or that type of policy appeals to a large percentage of the prospects on whom they call. These policies have become well fixed in the minds of the public. So they confine their efforts almost entirely to a presentation of those policies. This gives them the advantage of the brevity of presentation that leads to the quick action that all successful salesmen are looking for. But the result is that too many owners of policies have in their possession one or more "packages" of building material. But as a life insurance "house" they are far from owning a well built, thoroughly co-ordinated structure that will meet all their present needs or that may be quickly modified to meet future needs in the most efficient and economical manner.

In this field of programming lies the greatest opportunities available to those underwriters, new or old in the business, who would exemplify to the highest degree the professional side of their

work and establish for themselves a field of activity that relatively few of all those engaged in the work are really qualified to occupy. In that direction lie the big opportunities and earnings of the future. It is also a field in which, in my judgment and that of many well informed executives, general agents and agents, can engage in a co-ordinated effort, with or without the co-operation of their companies—even that underwriters may enter without the help of either of the other two factors—if they will pay the price.

### Termination Held Effective

#### Assured Fails to Have Policy Declared In Force Where Insurer Sent Application for Extension

In Schick et al. vs. Equitable Life of New York, the California district court of appeals, first appellate district, found there had been no waiver on the part of the insurer of the fixed requirements in favor of the company of the provisions regarding termination, despite the fact that the insurer forwarded an application for extension of the policy to the insured.

In 1933, Schick was unable to pay the full premium. His secretary was told by a clerk in the Los Angeles office of the Equitable Life that \$60 would extend the premium an additional 30 days beyond the grace period if a written request over Schick's personal signature were sent in, asking for the extension with the remittance. The grace period expired June 28.

#### Check Is Mailed

Schick mailed a check for \$60 that was received on June 29. On June 29, just before midnight, and unknown to the Equitable Life until several days afterwards, Schick shot himself with suicidal intent.

Schick brought an action asking that the policy be held to be in full force and effect.

Schick's check for \$60 was unaccompanied by any request for an extension. The Equitable Life on June 30 sent Schick an escrow receipt covering the \$60. This acknowledged the remittance and stated that the check was received only for transmission to the home office and its acceptance would not constitute waiver of any default. A letter contained a printed form of application for extension. On July 10, the home office telegraphed its Los Angeles office that no extension was to be granted and that the \$60 should be returned. This was done by letter July 17 and Schick was informed the policy was lapsed.

#### Terminated Automatically

The policy terminated automatically, without any action on the part of the company, upon non-payment of the premium on the date fixed, the higher court held. Inasmuch as the granting of an extension for premium payments is discretionary with the insurer, it could, before granting the request, impose such condition precedent as it saw fit. It did impose certain requirements as to a written application to be signed by the insured, that a deposit of at least 10 percent of the annual premium be paid and that the application and deposit must be in the hands of the company prior to expiration of the grace period. In all three particulars, Schick was in default. Schick claimed the company waived a strict compliance with its rules by forwarding an application for extension. At that time the Equitable Life did not know of the self inflicted injury of Schick and to support a waiver the party against whom a waiver is claimed must have actual knowledge of all the material facts connected with the transaction. The letter of June 30 did not state an extension had been granted, but conditionally, that is, that the company would "be pleased to grant same upon receipt of enclosed application for extension form properly signed."

### Value of Research Seen in Agency Organization

J. F. Maine, agency executive of the London Life of London, Can., is a great believer in research work pertaining to agency organizations. His experience has convinced him that life officials are not giving this problem the serious thought that it deserves. Mr. Maine, in speaking of the value of research, says:

"One of the most valuable contributions to the welfare of mankind is the results attained through medical research. Louis Pasteur, a Frenchman who took his doctor's degree in 1847, was a pioneer in research and became an outstanding benefactor. Through his persistent endeavor to discover what was not known in medicine, he won world-wide fame by his success in demonstrating the agency of microbes in fermentation and decomposition, in introducing a successful treatment of diseases in silkworms and cattle, and in his efforts to check hydrophobia by means of inoculation. To aid Dr. Pasteur to deal with this latter disease under the best conditions, a Pasteur Institute was opened in Paris, where patients were received from all parts of Europe. We of the twentieth century are familiar with his name through the use of 'pasteurized' milk."

#### Science of Agency Organization

"If life insurance company officials were as concerned with the science of agency organization as medicine is with disease, we should be making greater progress in the improvement of agency personnel. Medical science does not place any limit on the field of research so long as there is the possibility of discovering disease and its cause. We in the life insurance business are inclined to study the local or narrow field to the exclusion of the experience of wider fields. If we hope to keep pace with our benefactor in research (medical science) we shall have to broaden our vision and establish life insurance laboratories for the purpose of studying more closely life insurance agency problems, especially industrial life insurance agency organization."

#### Work of the Industrial Man

"We are obligated through the high ideals of the institution of life insurance to build our agency organization of well-selected, well-trained gentlemen to contact the people we are serving. Because industrial life insurance is carried by over 65 percent of the policy-owners on this continent, it does not give us any license to treat it or the service rendered, lightly. A few hundred dollars of industrial life insurance means just as much to these poor people as many thousands would to those in better circumstances. The industrial life insurance salesman should be carefully selected and well trained in the business to enable him to perform his whole duty to the poor and sometimes illiterate policy-owner. He should be a capable life insurance counsellor, one who can explain clearly the policy he is selling, advise wisely as to the disposition of the proceeds in the event of a claim, and aid in preparing a life insurance program for the family—industrial and ordinary."

#### Service Above Self

"He should never permit the thought of commission to outweigh his better judgment in the type of service he can render. In selecting, we should endeavor to get men who propose to make life insurance a business profession for the balance of their life time, not men who are in it merely for the dollars they can squeeze out of the insuring public through commissions. A splendid motto for all industrial life men would be 'Service Above Self.'

"As medical research is helping us, so we should help the insuring public and our companies by establishing an industrial life insurance research bureau at some central point for the purpose of studying the problems that come to all

(CONTINUED ON NEXT PAGE)

## Keep Pay Checks Coming With Salary Savings

The least paternalistic of employers is now convinced that the income requirements of employees and of their families after employment ceases should not be disregarded.

Salary savings insurance, sold on the basis of replacement of earnings, enlists the interest of management and of employees alike. This up-to-date approach is used in one of our new advertising folders, "Keep the Pay Check Coming," showing how life insurance can be applied to replacing earned income whether terminated by death or by retirement.

With both management and employees more security minded and more income minded than ever before, the prospect of selling salary savings insurance on a worth while scale is more promising than ever before.

**Connecticut General Life Insurance Company**  
Hartford, Conn.

Read "Selling Disability Insurance."  
\$1.50. Order from National Underwriter.

## Recruiting a Major Problem Facing Companies, Agencies

### SEVERAL FACTORS INVOLVED

#### Greater Prosperity, Relief Projects Are Among Influences Limiting Field of Prospects

One of the greatest problems facing life companies and agencies this year is recruiting new agents. Even as new business is vitally important as a medium of lending vigor to the mass of policyholders and modifying mortality of the older ones, even so it is necessary for agencies to recruit steadily through the year.

The new blood serves to invigorate the agency. The neophytes, who are enthusiastic and intent on succeeding, serve as a challenge to the older agents who may have got into a rut. The training work that is necessary raises the whole level of the agency.

#### Many Have Tried Business

The trouble, however, now is that the life insurance selling story has been told since 1929 to many thousands of prospective agents, and a large number of these have tried unsuccessfully to sell life insurance. It is therefore more difficult to find persons who have not been approached. Bond and stock salesmen tried out the business, figuring that it would be a cinch for them, but in the main the high pressure method that they had learned did not work in life insurance selling.

Others who were in desperate financial condition tried the field but came against the almost inexorable rule in life insurance that it is six months or even a year before an agent can be self-supporting and he must have some financing during this period. Agents who had funds to see them through, had ability and worked hard, managed to stick. Others who were fortunate enough to secure some financing from their general agents and managers also stayed in the business. Financing necessarily has been sharply limited in the last few years and consequently the mortality among agents has been large.

#### Other Factors in Situation

The increasing level of prosperity has been a factor. Many men and women who were footloose for several years are now occupied in other jobs more in their own line. Better conditions have served to cause many agents who entered life insurance selling as a stop-gap to find places again in the businesses in which they had had experience. Perhaps another factor is relief and new deal projects which have absorbed a large number of agent prospects. The pernicious effect of the dole has been to make many satisfied with a small income who for a time tried to fight their way back.

Still another element is the raised sights of the life insurance business itself. The part-time agreement this year alone, as reported by President Lester O. Schriver of the National Association of Life Underwriters, has resulted in eliminating 10,000 agents without affecting volume of business.

#### Recruiting Must Continue

While many general agents and managers subscribe to the idea, having found similarly that elimination of borderline agents had no effect on volume, but permitted the officers to concentrate on better agents, nevertheless they are not free from the necessity of getting new agents constantly. The problem now is to interest in the business men and women who have the required qualifications. The difficulty of this problem is reported from many agencies throughout the country.

Some companies have had their problems heightened by the discovery that country business is unprofitable. They

found it had a high lapse ratio which more than offset the fine mortality generally found on this business. In order to get country business in substantial volume, it is necessary to appoint a large number of agents, for the average production of the country agent is small.

He must travel great distances to meet prospects; he operates under bad transportation difficulties. At best, only a few of his prospects can be found on the hard surface roads. He must go back into the interior over mud roads to see his men. A 50 or 60 mile trip which may have to be made several times before the case is closed, policy delivered and premium collected, is not unusual in the country, when the city agent may have to walk no further than across the street.

As may be expected, such a condition is not conducive to effective conservation work by the agents, and this task in regard to rural business is falling more on the companies. The only medium they have is the U. S. mail, which is far less effective than personal contact. Farmers as a class, even though they receive federal money for curtailment of production, are unsettled and uncertain of their future. It is therefore probably true that few companies are figuring on any great expansion in the rural field.

#### Can't Reopen Settlement

The North Carolina supreme court has denied a beneficiary permission to reopen a case against the Prudential, where an agreement had been made several years ago, that the Prudential would pay the beneficiary the cash surrender value of the policy and give the beneficiary permission to reopen the case in the event he can ever prove death of the insured had occurred prior to the lapsing of the contract. The case was Head vs. Prudential. The offer was accepted in 1925. In 1934, Head instituted this action, but offered only the presumptive evidence of death, which existed at the time of the compromise settlement.

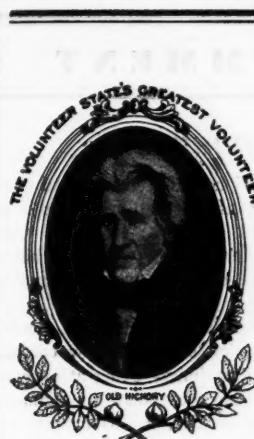
The supreme court held that the privilege, accorded the beneficiary in the compromise settlement, means that the matter could be reopened upon actual, rather than presumptive proof of death prior to Dec. 30, 1923. The beneficiary's interpretation of the agreement would render the settlement meaningless.

#### Value of Research Seen in Agency Organization

(CONT'D FROM PRECEDING PAGE)  
industrial life insurance companies in building agency organization, preparing agency contracts, and serving the public and the companies represented. The trend of the times appears to be in the direction of improving agency organization. This is evidenced by the article that appeared recently in one of our insurance magazines, pointing out that over 30,000 part-timers, non-producers and mediocres in the business have lost their contracts. If we hope to attain the status to which the life insurance business profession is entitled, then we as officials of life companies should take the problem of agency organization even more seriously than we have in the past. It will take time, but through proper research methods with the information that can be obtained and distributed, greater financial benefits will be derived by life insurance companies than are now enjoyed through reduced mortality as the result of medical research."

#### McCahan to Give Talk

David McCahan, dean American College of Life Underwriters, will conduct meetings in San Francisco, Sept. 3, in the place of Dr. S. S. Huebner, who has been compelled to cancel his visit to various C.L.U. chapters because of ill health. Three meetings are scheduled for the day: one for members of the local chapter of C.L.U., another for general agents and managers and the third for those interested in the degree.



## Our PAID BUSINESS in the

### First Six Months of 1936

was

**49% GREATER**

than for the same period of last year

This record is substantial evidence of the standing of our Company and of our agency organization with the insuring public in the territory in which we operate.

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● All modern forms of Life Insurance and Annuity contracts are written, either on an annual or single premium basis. Annuities include Retirement Income, Elective (Deferred), Joint and Survivor, Refund, and Survivorship -- one for any type of prospect, in short.

## EDITORIAL COMMENT

### Display of Good Sportsmanship

THERE has been a notable display of good sportsmanship on part of the insurance fraternity competitors of the PACIFIC MUTUAL LIFE following the crisis that confronted that company when the organization of a new one of the same name to take over the going business of the old but with readjusted benefits of the non-cancellable disability policyholders was announced. With few exceptions insurance men, although they may have had some aggravation, have refrained from condemning what was done and for the most part have urged PACIFIC MUTUAL policyholders to continue with the company.

As a matter of fact, the life insurance policyholders and the ordinary accident and health policyholders are better off than they were because they have not the non-cancellable millstone, with its huge deficiency in reserves around their necks. There has nothing come forth that showed that there was wrongdoing, crookedness or culpability in connection with the condition into which the PACIFIC MUTUAL found itself. Naturally there were mistakes of judgment and they were bad ones. Whatever was done, however, was supposed to be to the best interests of the company. Hindsight of course now reveals these business errors.

When the convention examination showed that the reserves that should have been put up under the non-cancellable disability business were off over \$23,000,000, the insurance commissioners immediately saw that hasty, drastic and yet constructive action had to be taken. Naturally a number of agents of other companies had placed non-cancellable business with the PACIFIC MUTUAL LIFE and relied on its supposed financial stability and its capacity to carry out its contracts. Men who placed non-cancellable policies with the PACIFIC MUTUAL and especially those that were renowned for their conscientious regard for their advice are being criticized by some of their policyholders and naturally they feel aggrieved because of this. The insur-

ance commissioners that participated in the important examination all agreed as to the program that should be followed. Commissioner CARPENTER of California headed the group of commissioners that outlined the course.

Inasmuch as the plan evolved required immediate action so that a new company could get its machinery going at once and heavy legal expense should be eliminated and hysteria avoided, it was necessary to work very much under cover. We feel that the insurance departments that prepared the program were better acquainted with the situation than anyone else and co-operating with officials of the company they were fortunate in being able to get the transfer made with the least amount of jar. They had grave responsibility resting on them.

Non-cancellable disability as well as total and permanent disability have proved expensive appendages to insurance. Some companies have been forced to reduce dividends where total and permanent disability policies were involved and the courts have upheld their right to discriminate, if that term can be used, against these particular policyholders. There have been liens placed on policies where companies have gone into hands of receivers and taken over by other companies. Therefore we see nothing irregular in the PACIFIC MUTUAL program. Naturally it is an expedient. It was drastic and heroic. The officials and commissioners had in mind doing the very best they could for the policyholders under the circumstances. The participating department has always shown a profit. The non-cancellable policyholders up to two years ago were not paying the price they should, their premiums were far less than they should have been for the liability assumed. They have had their money's worth. It is only right that an adjustment should be made in their case. We hope that the insurance fraternity will continue to show the spirit of good sportsmanship.

### Getting Back to Conventions

IN RECENT ISSUES THE NATIONAL UNDERWRITER has published reports of agency conventions of various companies for this year. It seems apparent that companies that have held back on conventions are restoring them. Some companies have had regional meetings, reflecting through that means they are able

to get in closer touch with more of their producers. However many executives acknowledge the fact that a general convention generates more enthusiasm than the smaller conferences. The agency convention seems to be a fixed factor in agency work, as is indicated by its returning popularity.

### Training in the Research Bureau

THE LIFE INSURANCE SALES RESEARCH BUREAU of Hartford, headed by JOHN

MARSHALL HOLCOMBE, has done a good piece of work for the life insurance busi-

ness in gathering together sales material. In its important capacity it has had to employ men of capacity and special ability. They have had a wonderful training in the bureau. A number of these have gone into regular life insurance service with companies or in various capacities. Their experience with the bureau has been of great benefit to them in their subsequent careers. The LIFE INSURANCE SALES RESEARCH BUREAU may, in a sense, be regarded as a training school for men to enter regular life insurance service and yet, as we see it,

there is a fine opportunity in the bureau itself for men to grow and make much of themselves. In other words, there is a career as a bureau man. Sometimes a man may make a real success in an organization like the LIFE INSURANCE SALES RESEARCH BUREAU and have a notable future before him, who would not work out successfully in another kind of life insurance effort. We should not overlook the opportunities therefore within the bureau itself for men of capacity, whether they eventually find their riches there or elsewhere.

## PERSONAL SIDE OF BUSINESS

In five of the 10 years she has been underwriter for the John Hancock Mutual Life in Des Moines, **Mrs. D. Perle Calbreath** has sold more than \$250,000 of life insurance a year. In making the quota this year, Mrs. Calbreath is the only woman life agent in Iowa who has qualified for the women's quarter-million-dollar round table of the National Association of Life Underwriters convention in Boston September 22. Fifty women in the United States have qualified to date.

**Crawford H. Ellis**, president Pan-American Life, has again been appointed to the special committee on merchant marine for the United States Chamber of Commerce. Mr. Ellis has been a member for several years. Its activities are expected to be greatly enlarged this year because of the new federal legislation giving greater public control over the merchant marine and its operations.

**M. J. Cleary**, president of the Northwestern Mutual Life, was the principal speaker at a banquet honoring Charles W. Nash, founder and chairman of the board of Nash Motors on the company's 20th anniversary.

**Judge Byron K. Elliott**, general counsel at the head office of the John Hancock Mutual Life, who has been on a European visit, is expected to return about Aug. 14.

**Myron L. Fairchild**, former manager of the Connecticut General Life at San Francisco, succeeded by R. Marvin Greathouse, has gone to Rochester, N. Y., to become associated with the Earl Colborn agency of the Connecticut Mutual Life.

**E. B. Stevenson, Jr.** and **Edwin W. Craig**, both vice-presidents of the National Life & Accident are now in Europe with their wives enjoying a well earned vacation. Mr. Stevenson is in charge of the company's ordinary department and was formerly chairman of the Life Insurance Research Bureau of Hartford. Mr. Craig is in charge of the industrial department and of the company's radio station WSM which has brought him into prominence in the broadcasting field. At the recent convention of the National Association of Broadcasters, Mr. Craig was nominated for president. He serves as a director of the N.A.B.

Mr. Craig is carrying out a 20 year promise made to his wife: namely, that on their 20th anniversary year of their wedding, they would go to Europe. Having raised a fine family of 3 children they are now seeing the sights of Eu-

rope with Mr. and Mrs. Stevenson, with whom they have been close friends since childhood days.

The University of Buffalo has announced the appointment of **Thomas L. Parkinson**, president of the Equitable Life of New York, as an associate member of the faculty of the School of Business Administration. He will act as an adviser.

First place in the Chattanooga "Daily News" contest to ascertain the "25 most progressive citizens" went to **T. C. Thompson**, agency manager in Chattanooga for the National Life of Vermont. Mr. Thompson's biography could well be entitled "Kindness." It was mainly through his efforts that Chattanooga may now boast of a \$250,000 children's hospital. He has twice been mayor of Chattanooga, has been agency manager in Chattanooga for the National Life for 38 years, during which period he has written more than \$20,000,000 insurance.

The sons of two Philadelphia insurance men were killed in an automobile accident. They were: Frank K. Patterson, 19-year-old son of **T. Magill Patterson**, secretary Pennsylvania Fire, and Franklin A. Ott, 19-year-old son of **George E. Ott**, former agency manager at Philadelphia for the Equitable Life of New York and now a unit manager Union Central Life at Wilmington, Del. Young Patterson and Ott were killed early Sunday when their car grazed another and overturned four times near Havre de Grace, Md. A brother of Patterson, John, 23, who was with them, suffered severe shock and minor cuts.

**H. D. Lininger**, who has been connected with the Chicago general agency of the Connecticut Mutual Life under Williamson & Wellbeloved, has now gotten in shape his new enterprise near Tucson, Ariz., called "The Lodge on the Desert." This picturesque and delightful spot is 10 minutes drive from the city and is surrounded by mountains. Mr. and Mrs. Lininger have arranged to open the lodge, the accommodations being limited to 12 guests, the season being from Sept. 15 to May 15. The Liningers will have only selected people and those that are not affected with any communicable disease. In the patio of the lodge is a swimming pool. Rooms are located in the main lodge and in patio houses. W. H. Lininger of Chicago, vice-president of the western department of the Springfield Fire & Marine group, and Mrs. Lininger have been visiting their son at Tucson during the last few weeks.

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## NEWS OF THE COMPANIES

### Country Life at \$100,000,000

Writes \$3,790,000 in Last 10 Days of July, Reaching Goal in 7½ Years

Climaxing a seven months' drive by writing \$3,790,000 in the last 10 days of July, the Country Life of Chicago succeeded in passing the \$100,000,000 in force mark by the time it had reached the age of seven and a half years on July 31. In July, normally the lowest production month, the company's business was \$5,790,000, the biggest month in its history. No other company is known to have reached the \$100,000,000 mark in less than 15 years.

Intensely hot weather marked the latter part of the drive and many ingenious



L. A. WILLIAMS

stratagems were utilized to offset the natural tendency to take things a little easier.

Faced with having to get in \$3,000,000 during the latter 10 days of July, General Manager L. A. Williams called a special meeting of general agents to be held in Springfield at midnight, July 20, in an air-cooled coffee shop. There was sound sense to this arrangement as well as novelty, for the temperature that day was 109 degrees and the time of the meeting enabled those attending to drive during the evening. All but three general agents, who were ill, attended the rally. The business yet to be written was divided into quotas and 50 percent of the general agents voluntarily increased their quotas. Every agency, with one exception, made its 10-day quota. Beside General Manager Williams, the rally was addressed by seven speakers who talked for five minutes each on the topic, "I Know We Can Do It."

#### Won Out Over Handicaps

The agents won out despite the handicap of vacations among prospects, drought, terrific heat and the fact that many farmers were busy with their threshing. Because of the threshing season and the heat the agents did nearly one-half of their business in the evening. They did this by seeing their prospects on the job during the day and making appointments for the evenings.

The drive to get \$100,000,000 on the books by July 31 began last January. For January, February and March, production was scheduled at \$2,000,000 a month. For April and May it was set at \$3,000,000 a month. June production was set at \$4,000,000 and was exceeded by nearly \$500,000 when the results came

in, while the \$5,000,000 July quota was exceeded by \$790,000.

The five-minute radio dramas on the WLS dinner-bell hour, which were used during the first five months of the contest, proved to be a great help to the agents, not only in bringing in inquiries, but in paving the way for sales, Mr. Williams said. Frequently it was found that prospects who had heard the radio program but had not written in had been wondering where they could buy the insurance they had heard about on the air.

Breakfast meetings in the various parties played a large part in getting the agents started early and in an aggressive frame of mind. The breakfast would start at eight o'clock. Afterward there would be a short inspirational talk and the agents would start out on the job at nine o'clock. Agents were paired up, as this system proved to be of great value in getting hearings, the prospect feeling that if the matter were of enough importance to require two men, it must be worth listening to. While the Country Life does a large business among members of the Illinois Farm Bureau, with which it is associated, more than 70 percent of its policyholders are not Farm Bureau members. In the farming towns there is quite a pronounced tendency for the merchants and others dealing with the farmers to buy their insurance from the sources patronized by their customers.

### Commissioners to Conduct General American Hearing

ST. LOUIS, Aug. 6.—A special commission consisting of Superintendent O'Malley of Missouri, and Commissioners Daniel of Texas and Read of Oklahoma will convene in St. Louis Aug. 21 to conduct a special hearing on the proposed merger of General American Life and the recently organized Mutual Life of Missouri.

The call for the meeting was issued by Mr. O'Malley after the directors of General American had certified to the department that a meeting of General American stockholders held the morning of Aug. 5 had voted for the merger which is the final step toward complete mutualization of General American.

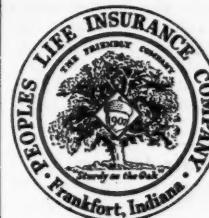
Prior to the stockholders' meeting the executive committee and directors had given approval, while directors of Mutual Life of Missouri voted for the plans.

### Cosmopolitan Old Line Life Presents Testimony in Suit

LINCOLN, NEB., Aug. 6.—The district court has entered upon the third week of the trial of the case brought by thrifit policyholders to recover \$216,000 from officers of the Cosmopolitan Old Line Life which, it is claimed, was paid to holders of policies that matured in several stated past years in excess of their ratable proportion of available funds.

The company submitted, as part of its defense, an accounting which represented what was actually contained in the books and covered all funds. This, it was shown, followed terms of policies and by-laws of the organization, and showed not only that the company is entirely solvent, but that the moneys did not represent a trust fund as was claimed by complainants but were funds that could be used in the discretion of the board.

In support of its claim that the suit was instigated by Harold Holloway, a former agent, and is part of a scheme of agents to get control of the company, testimony was presented from three intervening policyholders who had asked to withdraw from the suit, that Holloway had secured their proxies and assignments on representation that their pol-



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The greatest defense ingenuity of man has been able to raise against his ancient enemy—poverty—the most human of all business institutions. A certain and enduring investment built from the intangible essence of a dream.

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You will find it pays to be friendly with the

## PEOPLES LIFE INSURANCE CO.

"The Friendly Company"

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INDIANA



1860-1936

"Guardian of  
American Families

for 76 Years"

THE GUARDIAN LIFE  
INSURANCE COMPANY OF AMERICA

A MUTUAL COMPANY • ESTABLISHED 1860  
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icies were endangered. They said they did not understand it gave authority to bring suit.

### Rejects Plan to Sell Great Republic to Postal Union

The petition of Insurance Commissioner Carpenter of California for authorization to sell the business and assets of the Great Republic Life of Los Angeles to the Postal Union Life for \$185,000 has been rejected by Superior Judge Schmidt at Los Angeles.

Previously a majority of stockholders of Great Republic Life had assigned their rights to trustees administering the affairs of the company. These stockholders contended before Judge Schmidt that they merely desired the trustees to manage the business and did not empower them to sell the company. Furthermore the stockholders contended that the bid of Postal Union was not the best one that was received. Other bidders were Occidental Life of Los Angeles, Griffith-Wagensaller & Furst and Touchstone & Touchstone.

### Dividends of Victory Life

In the 1936 Unique Manual Digest and THE NATIONAL UNDERWRITER'S Life Insurance Reports, the information given as to payment of dividends to stockholders of the Victory Life of Topeka, Kans., is incorrect. In one paragraph there is a showing of cash dividends purported to have been paid to stockholders for various years since 1924. As a matter of fact, the Victory Life has never paid any cash dividends to stockholders.

The following paragraph is correct. It is a showing of "earnings paid to original stockholders."

### New Company In North Carolina

The Capital City Life of Raleigh, N. C., has been chartered to transact both industrial and ordinary business. The authorized capital is \$500,000 and surplus already subscribed is more than \$200,000, according to an announcement.

The president will be Irving F. Hall of Raleigh, president of the Atlantic Joint Stock Land Bank. R. L. Edwards of Raleigh, supervisor of agents for the Home Security Life, will probably be vice-president and agency manager.

### Builders Club to Yellowstone

A special train will carry 184 agents and home office officials of the Ohio National to Yellowstone National Park for the Builders' Club convention Aug. 24-28, climaxing a 13 months' production campaign. Those who will attend from the home office are: T. W. Ap-

pleby, president; J. H. Evans, vice-president; S. J. Blashill, secretary; W. H. Harrison, actuary; Dr. H. H. Shook, medical director; Grant Westgate, assistant superintendent of agencies; G. A. Dieterle, treasurer; A. W. Theiss, publicity manager.

### Columbia Life Outing

July was the biggest month from the standpoint of issued business since August, 1932, for the Columbia Life, Cincinnati. Leading agents will shortly leave for a three day convention at At-

lantic City as a reward for production in a seven months' contest. Vice-president F. B. Cross, Jr., will accompany the delegates.

### New Trial Sought

ST. LOUIS, Aug. 6.—Circuit Judge Joyst is expected shortly to dispose of the motions of the Continental Life and Ed Mays, as an individual stockholder, for a new trial in the suit in which he ordered the company dissolved and its business and assets sold to the Kansas City Life under a reinsurance contract.

## AMONG COMPANY MEN

### O'Neill to George Washington

#### New York City Life Man Goes to the Head Office to Supervise Three States

James E. O'Neill of New York City has been chosen vice-president of the George Washington Life and will have direct charge of agency work in West Virginia, Ohio and Michigan. Vice-president E. C. Milair, in addition to being agency manager, will be in direct charge of Virginia, Kentucky, Tennessee, North Carolina, South Carolina and the District of Columbia. Mr. O'Neill started in life insurance with the Bookstaver agency of the Travelers in New York and later with the Prudential under C. A. Foehl. He joined the Recht & Kutcher agency of the Northwestern Mutual in New York City as field supervisor where he has had a unit and in addition did personal work.

### Moore With Reserve Loan

Paul C. Moore, who has recently become actuary of the Reserve Loan Life of Indianapolis, majored in actuarial mathematics at the University of Michigan, securing his master's degree there. He went with the American Central Life where for six years he was supervisor of its actuarial department.

### New Carolina Life Actuary

Arthur F. Langley has been appointed actuary of the Carolina Life, succeeding William Wallace. Mr. Wallace, who is president of the Palmetto State Life, will devote all his time to that company. Mr. Langley graduated from the University of South Carolina in 1924, taking a course in civil engineering. Between 1924 and 1934 he practiced engineering, spending the last six years

with the federal government at Charleston, S. C., on river and harbor work. In 1934 Mr. Langley was elected secretary of the Palmetto State Life, serving in that position until his recent appointment. He is a son of President A. B. Langley of the Carolina Life.

### Dr. Bell Made Medical Director

Dr. J. V. Bell, associate medical director of the National Fidelity Life for the past eight years, has succeeded Dr. J. W. Wear as medical director.

### C. D. Dunne Resigns

C. D. (Pete) Dunne, associate publisher of the "Insurance Index" of Louisville, and of Dunne's Insurance Reports, has resigned these connections, according to announcement of J. E. Dunne, of the associated companies.

### Pennsylvania Examiner Ousted

L. M. Webster, actuary of the Pennsylvania department, has been ousted.

Ward Fitzpatrick, district manager at San Diego for the Connecticut General Life, was married to Miss Lillian Wulf at Laguna Beach. The wedding was attended by Walter G. Gastil, southern California manager at Los Angeles for the company, and Mrs. Gastil.

## CHICAGO NEWS

### HOLD 30TH BIRTHDAY PARTY

The Chicago agency of the Ohio State Life celebrated the company's 30th anniversary with a two week's contest in which agents writing \$10,000 of business or ten applications received a large decorated birthday cake. There was a dutch lunch presided over by wives of staff members. General Agent P. J. Kieffer was host.

### WORKING IN CHICAGO AREA

W. T. York, agency supervisor of the National Life & Accident, is working in the Chicago district at present. The company has four offices in Chicago proper and recently opened an office at Oak Park, a western suburb. He attended the school conducted by the Life Insurance Sales Research Bureau in Chicago for agency officers.

### BUTLER WITH J. A. MUD

A. A. Butler, who was formerly manager of the Home Life in Chicago and previous to that was manager at Denver, is now associated with the brokerage office of J. A. Mudd and is looking after his life insurance business. Mr. Butler is a personal producer and is building up a considerable life insurance department.

### NEW LICENSES NOT REQUIRED

Those agents and brokers who were licensed between March 1, 1936, and July 1 of this year need not be relicensed under the new agents and brokers licensing law in Illinois which became effective July 1. This opinion was given to Insurance Director Palmer by Attorney-general Kerner. About the middle of June the Illinois supreme court held that the old agency licensing law was unconstitutional.

About 23,000 agents and brokers had obtained licenses under the outlawed act and Mr. Palmer desired to know

## Mutual Benefit Appointments



F. D. HASELTON



R. B. THOMPSON

Fern D. Haselton of Concord, N. H., and Richard B. Thompson of Glen Ridge, N. J., have been appointed to staff positions in the agency department of the Mutual Benefit Life.

Mr. Haselton will become a field service manager and will spend his time largely in the field assisting general agents in recruiting and training new men and in improving the production capacity of established agents. He has represented the Mutual Benefit at Nashua, N. H., since 1932. He has made an outstanding sales record in addition to his duties as agency supervisor and

assistant to General Agent William E. Johnson, Jr. His business, notable for its quality and persistency, has averaged, since he entered the business, about \$308,000 on 48 lives annually.

Mr. Thompson joined the Day & Corrigan agency in Newark in 1933, following a successful experience in advertising and sales promotion. Specializing in personal and business insurance sales to young men, he made a brilliant start, paying for \$324,800 in 1935 on 55 lives. In his new work he will develop the best possible sales tools and aids for soliciting agents.

## GENERAL AGENCY TERRITORY IN ILLINOIS AND INDIANA

AVAILABLE TO EXPERIENCED LIFE UNDERWRITERS

RELIANCE MUTUAL LIFE INSURANCE CO. OF ILLINOIS  
33 North La Salle Street  
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### Quit Guessing!

Use the Standardized  
**DALLWIG RECORD**

For over 10 years the standard Policy Register for life underwriters!

No complicated bookkeeping. Just a quick, simple, common sense method of bringing before you, at a glance all the facts relating to your business. Complete with 75 Record Sheets, Special Index, and Special BINDER with your own name in gold on the front cover.

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whether it would be necessary to have these persons become relicensed. The attorney-general expressed the belief it was the intent of the legislature that licenses under the old act should be relicensed.

\* \* \*

## INSURANCE STOCK QUOTATIONS

H. W. McKinney of G. L. Ohrstrom & Co., Board of Trade Building, Chicago, gives the following quotations on the stock of life companies:

	Par	Div.	Bid	Asked
Aetna Life	10	.60	33 3/4	34 1/2
Bank. Nat. Life	10	1.00	21	25
Central Life, Ill.	10	...	9	...
Cent. States Life	5	...	3	...
Columbian Nat.	100	4.00	85	95
Conn. Gen. Life	10	.80	45	46
Cont. Assurance	10	2.00	38	40
Farm. & Traders	100	10.00	210	225
Fed. Life, Chgo.	10	...	8	...
Girard Life	10	.40	10 1/2	12 1/2
Great Nor. Life	10	...	4	...
Great South. Life	10	2.50	33	35
Life & Cas., Tenn.	...	2.00	18	...
Life of Va.	20	3.00	75	85
Lincoln Natl.	10	1.20	29	30
Natl. Life & Acc.	10	1.60	65	75
New World	10	.40	5 1/2	6 1/2
Northw. Natl.	5	...	14	15
North. Amer.	2	...	3	3 1/2
Ohio National	10	1.00	22	25
Ohio State Life	100	10.00	225	250
Old Line Life	10	.60	16 1/2	17 1/2
Pacific Mutual	1	...	1 1/2	2 1/2
Philadelphia Life	10	...	3 1/2	4 1/2
Prov. Life, N. D.	10	.80	12	...
Rockford Life	10	...	4	8
Sun Life, Can.	100	...	520	535
Travelers	100	16.00	565	575
Union Central	20	1.20	35	45
Wisconsin Natl.	10	.50	16	18

\* \* \*

## POWERS WITH CONOVER, GREEN

M. W. Powers has joined the new Chicago actuarial and consulting firm of Conover, Green & Co., 120 South LaSalle street. For the past several months Mr. Powers has been connected with the statistical department of the Inter-Insurance Exchange of the Chicago Motor Club. Previously for three years he was an examiner for the Illinois insurance department and before that for seven years was in the actuarial department of the Peoria Life.

Chase Conover of the firm was until recently chief examiner of the Illinois department and W. C. Green was associate actuary of the Illinois department.

## INDUSTRIAL

## Prudential Men for 40 Years

Two prominent Prudential superintendents have rounded out 40 years of service. Charles L. Boyd of Detroit No. 2 started with the company as an agent in Buffalo. In 1903 he became assistant there. He was made superintendent at Hamilton, O., in 1909 and took his present post in September, 1919.

Howard King of Dover, N. J., started as an agent at Newton, N. J., in July, 1896, and he was made assistant at Dover in 1897 and in three years was made superintendent. He has been sinking fund commissioner in his city, a director of the Dover Trust Company, an alderman, and at one time was head of the Dover police department.

## Metropolitan Sales Congress

Agents of the Great Lakes territory of the Metropolitan will hold their annual sales congress on a Mackinac Island cruise in September. The date tentatively is set for Sept. 10-12. A. T. Schussler, superintendent of agencies, New York, will preside, assisted by Glen J. Spahn, assistant superintendent of agencies, Chicago, in active charge of the territory.

## Promotions by Prudential

E. L. Cassidy has been appointed superintendent of the Prudential at Lowell, Mass. He was formerly assistant superintendent at Stamford, Conn., starting with the Prudential as an agent at Danbury, Conn., in 1926. Before going into the life insurance business he was an automobile salesman in Connecticut. He took second posi-

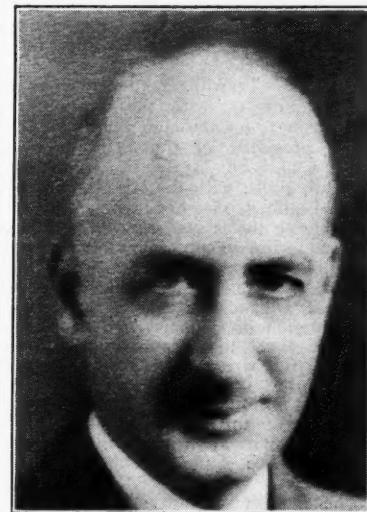
## LIFE AGENCY CHANGES

## Transferred to Syracuse

**Dewey R. Mason Named General Agent by Aetna Life; Has Had Wide Experience**

The Aetna Life has appointed Dewey R. Mason as general agent at Syracuse, N. Y., to succeed John K. Brown and Raymond W. Barnes, who have resigned to follow individual pursuits.

Mr. Mason joined the Aetna Life nine years ago as general agent in charge



DEWEY R. MASON

of the uptown New York City agency. Three years later he became assistant superintendent of agencies at the home office, where he was active in sales and agency work. Early in 1933 Mr. Mason was appointed general agent at Jacksonville, Fla. Mr. Mason's new appointment takes him back to familiar ground. He was born in Marion, N. Y., and was graduated from the University of Rochester in 1911. The greater part of his business experience has been in New York state.

Because of his personal and business qualities, Mr. Mason is a familiar figure throughout the Aetna Life organization. On numerous occasions he has appeared in a prominent place on company convention programs, at general sales congresses and meetings.

Succeeding Mr. Mason is Charles I. Mann, who has been agency cashier and active assistant to Mr. Mason. Mr. Mann joined the office force of the Jacksonville agency in 1925.

## Henderson Named at Dallas

The Provident Life & Accident of Tennessee has named A. C. Henderson general agent in Dallas. Mr. Henderson is a member of the Texas leaders round table, requirements for membership in which call for a production of at least \$6,000 in premiums yearly with a favorable persistency rate.

## Schumacher Heads Akron Agency

Sherman O. Schumacher has been appointed general agent at Akron, O., by the Provident Mutual Life. Al-

tion in the production of paid for ordinary business in the United States and Canada last year.

W. E. Lindquist, formerly assistant superintendent in Chicago, No. 1, has been made superintendent of the newly created Blue Island district in that city. He started with the company in 1926 as an agent in Chicago No. 1.

The Monumental Life of Baltimore is opening an office in Richmond, Va., in the State-Planters Bank building.

though the Provident Mutual has had an office in Akron for many years, it has never had a general agency there.

Mr. Schumacher was graduated from the University of Akron in 1927, and entered life insurance immediately. He is secretary of the Alumni Society of the University of Akron. He has made an excellent record as a personal producer. He will have offices in the Second-National building.

## Advanced at Los Angeles

Gilbert V. Davis was appointed manager brokerage department of the Southern California agency at Los Angeles for the Connecticut General Life. Mr. Davis has for the past two years been assistant manager of the agency, in charge of one of the units of Los

Angeles district. Prior to this he achieved an outstanding record in personal production over a period of many years. Lee C. Bean succeeds Mr. Davis as assistant manager. He has been with the agency about two years, showing marked ability in salesmanship and organization work.

## Lytle Wisconsin Manager

A. L. Lytle, former agency supervisor of the Los Angeles branch of the Massachusetts Protective companies, has been transferred to Milwaukee as general agent for Wisconsin. He has been with the Los Angeles office for 16 years during which time he made an enviable record in the production of that office.

## Vandermade Goes to Toledo

P. E. Vandermade has resigned as general agent of the Columbus Mutual Life in Detroit to join the Mutual Life

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Opportunity is Hammering at Every Door, Today, With "One Best Seller"

## Berkshire Juvenile Insurance

This is a plan through which the happiness and success of the boy or girl can be made safely, surely and economically.

Berkshire Associates are fully equipped to give their clients the advantages of JUVENILE INSURANCE with PAYOR BENEFITS and the same Liberal Provisions accorded the Regular Adult policies.

"Ask Any Berkshire Agent"

## BERKSHIRE LIFE INSURANCE COMPANY

(Incorporated 1851)

Pittsfield, Mass.

Fred H. Rhodes, President

85th ANNIVERSARY YEAR



MIDWEST'S BIGGEST LITTLE COMPANY

## Men and Women Written on Equal Terms

- (1) 30-year record of stability.
- (2) Compact operating territory—closer cooperation.
- (3) Agency-minded home office personnel.
- (4) 5th among Iowa companies in Iowa business written, 1935.
- (5) Wide range of modern policies.
- (6) Men and women written on equal terms.
- (7) Agents' direct mail advertising help.

Choice territories now available—Write

THE OLD LINE

## Cedar Rapids Life

INSURANCE COMPANY

Cedar Rapids, Iowa

Colonel C. B. Robbins, Pres.

C. B. Robbins, Secy.—T. G. Sargent, Vice-Pres. & Agency Dir.

of New York in its Toledo, O., agency. He has represented the Columbus Mutual the past year jointly with D. R. Hoover, who will continue the agency. Mr. Vandermade was manager of the Acacia Mutual Life's Detroit branch before joining the Columbus Mutual.

#### Closes Cincinnati Office

CINCINNATI, Aug. 6.—Closing of its Cincinnati office is announced by the Atlantic Life. General Agent A. C. Palmer who has been in charge of the office the past six months is resuming his previous association with the Insurance Research & Review Service, Indianapolis. Mr. Palmer was previously general agent of the Berkshire Life.

#### Major Is Supervisor

Gifford T. Vermillion, Milwaukee manager for the Mutual Life of New York in Wisconsin and Upper Michigan, has appointed John J. Major as supervising assistant. Mr. Major is well known among life men in Wisconsin and has had 15 years of experience in selling and agents' training work.

#### Life Agency Notes

John L. Kelly has retired from the agency of the Provident Life & Accident at St. Louis, joining the Mutual Benefit Life there under General Agent C. C. Otto.

Odell Bailey, who has represented the Jefferson Standard Life at Ranger, Tex., has been appointed assistant manager of the Fort Worth office.

#### Veterans Left Off the List

In giving a list of the old time legal reserve life insurance companies, the United Mutual Life of Indianapolis was omitted. It was established in 1877 and therefore next week will celebrate its 60th anniversary.

The Equitable of New York, a 77 year veteran, was also omitted.



## ASSOCIATIONS

**Dallas, Tex.**—O. Sam Cummings, Texas manager Kansas City Life, has been re-elected national committeeman and Henry K. Peebles is state committeeman. Directors are: Mrs. J. C. Fortune, A. A. Rowland, H. Thad Chidre, John A. Monroe, Jr., J. P. Castello, Ricks Strong, Horace Beckham and Barney Shields.

\* \* \*

**Houston, Tex.**—J. M. Abell has been elected president; C. F. Hanson, vice-president; G. F. Simons, treasurer; H. E. Perry, secretary, and H. R. Smith, national committeeman. Houston is planning to make a strong bid for the 1937 national convention at the Boston meeting in September.

\* \* \*

**Jonesboro, Ark.**—L. M. Wilson, president was in charge of the August meeting of Powell Stamper of the National Life & Accident made a talk on "Closing." The association endorsed Sam Cummings of Dallas, Tex., for vice-president and H. A. Hedges, of Kansas City, Mo., as trustee of the National association.

\* \* \*

**Colorado**—The annual membership directory will be issued soon. There are now 471 members, compared with 466 last year. Weekly luncheons are being held in Denver during the summer.

\* \* \*

**Columbia, S. C.**—J. B. Bates is the new president. Jack Davis is vice-president, and H. M. De Lorme, secretary.

\* \* \*

**Long Beach, Cal.**—At a dinner-meeting the program was provided by members of the Los Angeles association. Floyd W. Forker, agency department Pacific Mutual Life, discussed how agents may increase their earnings through prospecting more profitable sources and improvement of their methods of handling settlement details. Kellogg Van Winkle, manager Equitable of New York and president of the California association, outlined the work of the state organization. Paul Zerrahn, Phoenix Mutual Life, discussed the value of public relations. The meeting concluded with a talk by Phinehas Prouty, Jr., president Life Underwriters Association of Los Angeles, on "The value of membership in your local association." A. W. Branch, California-Western States Life, president Long Beach association, presided, and Joseph Charleville, managing director Los Angeles association, accompanied the group from that city.

#### Managers at Montreal

Managers of the Montreal Life will attend a conference at Montreal this week. In addition to the business sessions, a program of entertainment has been arranged including golf, an auto drive and a dinner dance.

Cyril Gardner-Smith, manager for British Columbia, who attended the managers school recently conducted in Chicago by the Sales Research Bureau, will discuss features of the school. Other subjects will include training and recruiting, conservation, underwriting, new disability rates and provisions, family protection benefits, protective pension bond and retirement income contracts, new occupational ratings and accounting practices.

Olaf Johnson, Northwestern Mutual Life agent at Superior, Wis., has been elected president of the Douglas County Landon-Knox Club.

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for Michigan! Ohio! Kentucky! West Virginia! Virginia! District of Columbia! North Carolina! South Carolina! Tennessee!  
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Write to:

Ernest C. Milair, Vice President

**George Washington Life Insurance Company**  
Charleston, West Virginia  
Charles L. Preston, President

## SALES MEETINGS

### Convention of Montana Life

#### Awards to Be Presented at Annual Meeting in Yellowstone National Park Aug. 7-10

Agents and their wives and members of the home office staff will attend the annual convention of the Montana Life Aug. 7-10 in Yellowstone National Park. Following the banquet, R. B. Richardson, executive vice-president, will turn the meeting over to R. E. Orth, general agent at San Francisco, who was chairman of the home office month campaign in June, for the presentation of awards.

Hugh C. Terwilliger, general agent at Los Angeles, with the largest net paid business for the club year, was declared president of the 1936 Yellowstone Club and Myrtle C. Adams of Klamath Falls, with the largest number of applications, vice-president.

For being the largest personal producer in home office month, Hugh Terwilliger was presented a parchment scroll. The Church-Bradham home office agency received a handsome plaque for being the outstanding agency. Joseph G. Pundzak, of the Harelson, Tacoma agency, for writing the most applications during Life Insurance Week was rewarded with a toilet kit, and the same award went to Hugh Terwilliger for producing most applications in the week honoring Lee Cannon, superintendent of agencies.

The 1937 convention will be held at Gearhart, Ore. To qualify, an agent must produce not less than \$100,000 of net paid business, all first year lapses deducted, from July 1, 1936, to June 30, 1937.

### Monarch Life Agency Force in Convention Sept. 10-12

The Monarch Life will hold its first annual national agency meeting at the Wardman Park Hotel in Washington,

Sept. 10-12. About 100 agents are qualifying for attendance. The Monarch has had many conventions in the past, but they have always been regional. This year the top 25 men will be taken on a special boat trip to Newport News, Va., and also to the historic village at Williamsburg, Va.

#### Hold Two-Day Conference

A group of 15 from the Pittsburgh agency of the State Mutual Life attended a two-day conference at Conneaut, O., climaxing a six weeks' business drive. Mornings were devoted to an educational program in which members participated. L. W. Borland, territorial manager Penn Mutual Life, and E. R. Walker, field assistant at the State Mutual home office, were speakers. G. H. Moore is Pittsburgh general agent.

#### Ohio National Cruise Convention

Following a banquet in Cleveland Sunday evening about 100 representatives of the Ohio State Life left on a cruise to Quebec. The company's agency convention will be held en route. At the banquet the speakers were Claris Adams, the new president; Dr. C. E. Schilling, vice-president and medical director; Frank L. Barnes, agency vice-president, and Carmi A. Thompson, Cleveland, a director. In Montreal the party will be guests at luncheon of the Sun Life. The cruise will last ten days.

#### Midland Life Convention Plans

About 40 Midland Life agents will attend its annual convention at Colorado Springs Aug. 27-29. Daniel Boone, president; O. C. Thornton, vice-president and agency secretary, and L. H. Vetter, secretary and actuary, will attend from the home office.

#### Meet on Pacific Island

The West Coast Life's 1937 conventions will be held on Santa Catalina Island, off the coast of Southern California. All members of the Century and \$200,000 clubs ending June 30, 1937, will qualify for the meet.

## GENERAL AGENCY NEWS

### Newark Agency Celebrates Zimmerman's Tenth Year

NEWARK, Aug. 6.—Organized into 15 teams, the agency force of the C. J. Zimmerman office of the Connecticut Mutual Life in Newark, is engaged in a production drive to mark Mr. Zimmerman's 10th anniversary as an agent and his fifth as general agent. The campaign opened Monday and will last until Sept. 16, the anniversary date. A cut-up picture of the general agent in the agency room will be filled in, one piece for each application, while a birthday cake will have its ten candles lighted as the business comes in, one candle for each \$100,000 of new paid business. An anniversary party will

mark the end of the drive. W. W. Banton heads the committee in charge of the campaign.

#### Campaign for Gastil

During the period June 15 to July 14, inclusive, the southern California agency Connecticut General Life at Los Angeles, held a special production drive to celebrate the second anniversary as manager of Walter G. Gastil. Mr. Gastil was absent on vacation and the campaign was a personal tribute to him. The entire field force was divided into two teams, the "Hill Billies," and the "Beachcombers," and the special effort produced a gain of approximately 25 percent in volume over last year. Following the close of the campaign, members of the entire organization, accompanied by their wives, were invited to Mr. Gastil's home to attend a garden party.

#### Larson Agency Picnic

A. C. Larson and Ralph E. Larson, southern Wisconsin managers for the Central Life of Iowa with headquarters at Madison, Wis., entertained their office and agency force at a picnic at the A. C. Larson summer home on Lake Mendota. The outing followed a business conference.

#### Hartberg Agency Has Outing

N. Gust Hartberg, general agent at Marinette, Wis., for the Old Line Life of America, entertained his agency force



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at an outing at Lauerman Lodge near Wausau, Wis. Among the guests were John E. Reilly, president, and H. A. Woodward, manager of the accident and health department, from the home office in Milwaukee; G. A. Duvall, Ke-waunee, Wis., and F. J. Lauerman, Mari-nette, directors.

#### Beaumont Agents Meet

BEAUMONT, TEX., Aug. 6.—Agents of the Beaumont division of the Great Southern Life held a dinner meeting. The principal speakers were R. M. Henderson, vice-president of the investment department, and S. R. Hay, Jr., agency secretary, from the home office in Houston. The Beaumont division sold more than \$250,000 insurance during July. The company showed a 20 percent gain for the month with a 30 percent gain for the year.

#### Frey Entertains Agents

C. J. Frey, manager of the Mutual Life of New York, entertained the sales and executive forces of eight upstate counties of Pennsylvania at an all day outing near Erie, Pa. W. J. Shread, agency organizer at Erie, and B. F. Holbenbaugh of Meadville, Pa., spoke.

#### NEWS OF LIFE POLICIES

New Policies, Premium Rates, Dividends, Surrender Values and all Changes in Policy Literature, Rate Books, etc. Supplementing the "Unique Manual-Digest," published annually in May at \$5.00 and the "Little Gem" published annually in March at \$2.00

#### Age Limit Is Reduced to 10

##### Northwestern Mutual Announces Rules Governing Juvenile Insurance; New Scale of Limits

The Northwestern Mutual Life has enlarged its acceptance limits on ordinary, 20-pay and 30-pay life contracts and extended age acceptance limits down to and including age 10. Insurance will not be issued before the tenth birthday.

Five year term policies will not be issued at ages under 20 or over 60. Premium waiver will not be granted with five year term policies or on total insurance exceeding \$100,000 on males and \$50,000 for females, the age limits for this purpose being 15-55 males and 15-50 females.

Rules governing issuance of policies to applicants ages 10-14, both sexes, are announced. A youth's inquiry blank is required with all cases, including agent's statement showing his knowledge of applicant's circumstances, responsibility of parents and reason for insurance. Applications from boys and girls of the so-called industrial class are not desired.

One or both parents must be designated beneficiary irrevocably, but where requested the policy may be endorsed to grant to assured right to revoke the designation on reaching majority. The beneficiary or beneficiaries personally must sign Part 1 as beneficiary.

Rates for the policies aged 10-14 soon will be announced.

Two tables of limits are given, table A relating to applicants continuously insured in the company for one year or more; table B affecting those not continuously insured for this minimum time. Amounts issued in any one year shall not exceed the limits shown in table B. The table is:

	A		B	
Age	Male	Female	Male	Female
10.....	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
11.....	15,000	15,000	10,000	10,000
12.....	20,000	20,000	15,000	15,000
13.....	25,000	25,000	20,000	20,000
14.....	30,000	30,000	25,000	25,000
15-19.....				
Incl. 20-22.....	75,000	37,500	50,000	25,000
Incl. 23-24.....	150,000	75,000	100,000	50,000
Incl. 25 to 55.....	200,000	100,000	150,000	75,000
Incl. 56.....	250,000	125,000	200,000	100,000
Incl. 57.....	200,000	100,000	175,000	87,500
Incl. 58.....	175,000	87,500	150,000	75,000
Incl. 59.....	150,000	75,000	125,000	62,500
Incl. 60.....	125,000	62,500	100,000	50,000
Incl. 61 to 65.....	100,000	50,000	75,000	37,500
Incl. 66.....	75,000	37,500	50,000	25,000

## AS SEEN FROM NEW YORK

By R. B. MITCHELL

#### MAX JAMESON MAKES CHANGE

Max A. Jameson has resigned as head of the liquidation bureau of the New York department to become manager of the Excise Bond Underwriters. He takes the place of Joel Rathbone, who resigned because of ill health.

Mr. Jameson is succeeded as head of the liquidation bureau by M. O. Loysen, who has been assistant to Mr. Jameson.

The Excise Bond Underwriters is an organization of 28 surety companies participating in a reinsurance agreement for the handling of all bonds required under the alcoholic beverage control law of New York.

Mr. Jameson joined the department in 1932 to take charge of the surety claims of the Southern Surety. He was later appointed assistant deputy superintendent in charge of liquidation of the Southern Surety and several other companies. In 1934 he was appointed chief of the liquidation bureau.

Before becoming connected with the department he was New York City surety manager for the Commercial Casualty. Before that for 12 years he had been with the Aetna Casualty in New York.

The work of the liquidation bureau is decreasing and therefore an assistant manager of the bureau will not be appointed.

#### WHAT FORMS ARE SOLD

Almost all life companies have reduced their commissions on single premium annuities and other similar contracts. Even though the agents do not make as much as they formerly did in selling this form of annuity, there is still considerable business being written. All companies have reduced the maximum amounts that they will write. Retirement annuities are very popular. Many agents now are writing the retirement income policies which have a life insurance feature

and which in a way are more useful than the retirement annuities which only possess the investment element. There is much more insurance being sold on the life expectancy plan, family income, etc. That is, a person is buying as much insurance as he can for the money and yet he is not satisfied with the pure term contract. People are searching for security and they have the greatest confidence in the solid legal reserve institutions. Much more life insurance is being written for women these days and juvenile contracts have grown in popularity in recent years.

\* \* \*

#### JULY SALES REPORTS

The Charles B. Knight Agency of the Union Central in New York City reports a paid-for total business for July of \$1,367,035. The same figure for July, 1935 was \$1,330,452.

\* \* \*

The paid business of the Julian S. Myrick Agency of Mutual Life of New York in New York City for July was \$1,865,441 as compared with \$2,733,836. For the year the total paid business amounted to \$14,095,154 as compared with \$19,613,576 for 1935.

\* \* \*

The Harris L. Wofford agency of the Prudential in New York City reports an increase of 11 percent in paid-for business in July with a \$568,432 total.

\* \* \*

#### DEATH OF R. F. KEDERICH

R. F. Kederich, agency director of the Mercantile agency of the New York Life in New York City died at his home Aug. 3. He was one of the five Kederich brothers, all of whom are managers for the New York Life in New York City. Mr. Kederich had been ill since last January.

## GROWTH—

in the

#### First Half of 1936

## GAIN

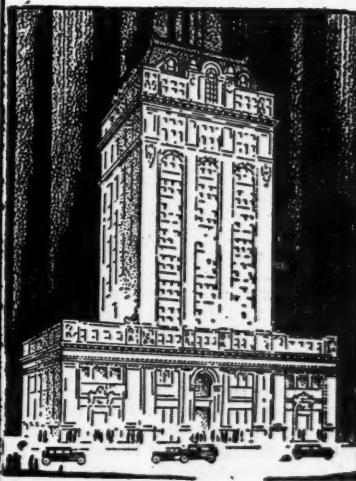
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## Pacific Mutual Is Being Righted

(CONTINUED FROM PAGE 1)

There is little anxiety among the progenitors of the plan that delay will occur through failure of court sanction. The steps taken were carefully considered under court approval, and actually have ample precedents throughout the land in many life company reinsurances. It is well to have life insurance workers everywhere recognize that the vitals of the case are:

### Features to Remember

1—Not a thing is proposed to alter full value of all life insurance contracts of the old Pacific Mutual Life. Some \$213,000,000 in approved assets are in custody of the insurance department of California for the protection of the \$600,000,000 of life insurance liability, all of which have been assumed 100 cents on the dollar, by the new Pacific Mutual Life, for whose welfare the insurance department is trustee under court direction, as prescribed by state laws.

2—There being no liens or deficiencies in the life department there remains involved only the non-cancellable liability which has been taken care of exactly as numerous other reinsurance known to the trade, namely, by arbitrary liens against the full face promises of each contract. The new company will assume the new liability under these reduced schedules as accepted by the individual assureds, thus securing adequate income at the former rate of premium for the promises thereunder, also providing sufficient accident-health reserves thereon.

### Reaction from the Trade

At the Pacific Mutual Life's home office, where California Commissioner Carpenter already has set up a department for his new role of conservator, there is gratification over approving telegrams and letters by the score from competitors. Particularly pleasing is the local trade acceptance of the situation. There are only rare instances of angularities. The press of Los Angeles has presented temperate stories, with few exceptions.

Direct competitors of non-can coverage are refusing to re-write Pacific Mutual surrendered contracts, advising all to renew under the scaled reduction of benefits, which it is pointed out are now comparable to competitive offerings at practically identical rates. The fact is not being blinked that for years the eager ones of Pacific Mutual, enamored by the non-cancellable field promises, blinded by allurements for broader service to their life agents, actually wrote this coverage at rates long below adequacy, in some instances as much as forty per cent. Cumulative in disaster to that form, recognized as a contributing effect are many cases of suspicious fraudulence, many of the malingering type, seduced by easy money, cases not possible of detection in the undeniable fraud thus practiced on this company. One outside authority states that probably thirty per cent of the current monthly payment cases of this company under non-can, could they be properly investigated, would be thrown out.

### Cleaning House Process

For 18 years this company doggedly pushed the idea of non-cancellable health and accident contracts despite warning trends. Fathered by the late D. M. Baker, Sr., the agents under his direction were pounded to push sales. Mr. Baker never failed at his company's conventions to sing his siren song. The years brought few reforms to meet the hastening debacle. Blindingly the Pacific Mutual plunged, through excess commissions, brokerage bonuses and cut rates, never fully brought to standard, to try to secure volume enough to stem the growing chasm.

In the newly set-up company those

charged with responsibility for this have been eliminated. The new company will carry no dead weight; it is to be manned by none tainted by past errors. Here's the roster of those jettisoned when Commissioner Carpenter trimmed ship; Chairman, long-time president, George Cochran; Vice-president-General Counsel W. H. Davis; Vice-president Douglas Moore; Secretary S. F. McClung; Director H. Fleishacker of San Francisco. That, it is rumored, is the beginning. Vice-president Lee Phillips was eliminated three years ago.

Coming into their own with new Pacific Mutual Life may be envisioned a group of able younger officials of the old company whose progress the past five or six years has been notable in the life department, despite the handicap of the old guard who disregarded danger signs.

### Bids for Reinsurance

In the hectic swirl of things some reinsurance deals were talked of not in the book. These all had to do with the tempting promise of acquiring the company's lucrative and securely established life insurance business. There being nothing whatsoever wrong with either the rates, the reserves, the securities behind them, nor the management in that branch of the company, naturally no consideration was given such proposals. Commissioner Carpenter gave no thought to the offers, because the plan had already been evolved of the new company to take over the full life contracts unhampered, as already described.

Pacific Mutual Life lives. That is the important thing. Ten years is given to the insurance commissioner conservator to work out the problems. In time the plan provides for complete mutualization as intended in the original title of the company, adopted from its first mutual plan when it was changed to a stock company in the last century. That the true principles of mutuality—consideration solely of members' interests—will be more adequately regarded in the new company goes without saying.

Life insurance has suffered only a consequential injury in this reorganization, for the integrity of the company's life insurance is not endangered. The lesson is plain that the strictly commercial form of coverage, "Non Can" accident and health insurance, has no place in an institution selling so sacred a thing as family protection for widows and children of the future through the beneficence of life insurance.

### OXIDENTAL WAS INTERESTED

Just before the Pacific Mutual Life reorganization plan was authorized by the court, L. M. Giannini, prominent Pacific Coast financier and president of the Occidental Life of Los Angeles, offered to pay \$10,000,000 for the right to carry through the technicalities of the Pacific Mutual reorganization plan. The rumor has been current on the Pacific Coast for several months that Occidental Life was interested in the Pacific Mutual situation and that a reinsurance deal was under consideration.

L. M. Giannini, president, Occidental Life of Los Angeles, stated that it was true his company had made an offer of approximately \$10,000,000 to reinsurance and manage all the business, with the exception of non-cancellable policies, of the Pacific Mutual Life. This offer was made on July 22, after many conferences between officials and directors of the two companies.

The letter submitting the offer stated that: "This proposal is made in the interest of preserving the integrity of western life insurance. It may reasonably be expected to result in immediate and continuing substantial savings of new business and management expense

for Pacific Mutual and therefore a more prompt and constructive approach to a difficult and serious problem."

Mr. Gianini said that it was understood that the \$10,000,000 offered and which was to be paid in yearly installments of at least \$1,000,000 each, subject to the appraisal of the Pacific Mutual assets, was to be applied toward replenishing the reserve set up for the non-cancellable policies which were to be retained by the Pacific Mutual.

The Transamerica Corporation stood ready to substantially augment the capital of Occidental Life as an additional protection to the business acquired from Pacific Mutual if the deal culminated.

An independent committee of stockholders of Pacific Mutual has been organized by Allen C. Balch, who is president of the Southern California Gas Company. The firm of Loeb, Walker & Loeb has been retained as counsel. Mr. Balch declared the committee will investigate the plan to determine whether it sufficiently protects the interests of stockholders.

### HOW THE REDUCTIONS APPLY

The explanation of non-can benefit reduction in the last issue unfortunately was not quite clear. It stated full benefit would apply on policy issues of October, 1933, to July, 1935. The full benefits apply only on issues since July, 1935, which affects only the non-can aggregate contracts.

Also reductions are not precisely by calendar years, as stated, but as follows: August, 1918, to September, 1921, 20 percent; September, 1921, to July, 1926, 35 percent; July, 1926, to February, 1929, 45 percent; February, 1929, to January, 1931, 55 percent; January, 1931, to March, 1932, 65 percent; March, 1932, to February, 1935, 90 percent.

The non-can life indemnity contract was discontinued by the Pacific Mutual in January, 1935. Therefore, the statement of benefit reductions does not include the period since that time.

### ANALYSIS IS MADE

Boothe, Gillette & Co., investment people of Los Angeles, in making an analysis of the Pacific Mutual situation, say that it is quite obvious that it will be some time before one will be able to gauge what assets or income may be available to the stockholders. The firm says: "Reorganizations of this character are usually long drawn out, making it doubly difficult to present an intelligent opinion. It seems apparent, however, from the standpoint of the policyholders that all policies excepting non-cancellable, should ultimately work out 100 cents on the dollar. It must be remembered that the Pacific Mutual represents one of the oldest concerns on the west coast. It still carries a great amount of good will and there is a great value attached to the agency plant. It is our opinion there is no need for the policyholders to relinquish or void their policies through non-payment of premiums. For the time being there is little reason to advise the disposal of common stock held by interested parties."

### LOSE MUCH MONEY

It is understood that what might be termed the old guard of the Pacific Mutual Life will lose heavily their investment with the company. George I. Cochran, who was president for many years and then chairman of the board, it is stated owns 45,000 shares. Executive Vice-president W. H. Davis was a considerable shareholder. C. I. D. Moore, who was vice-president and associate superintendent of agencies, and his sons, also Dr. W. W. Beckett, former vice-president and medical director, the family of the late D. M. Baker, Jr., all had a considerable interest. Lee A. Phillips, former vice-president, he being chairman of the board of the Pa-

cific Indemnity, at one time was a considerable stockholder.

### COMMENT IN THE REPORT

Recommending thorough investigation of all matters contained in the report of the examination, it concludes with the statement:

"While the difficulties in which this company finds itself is due principally to inadequate rates on non-cancellable accident and health policies, a considerable portion could have been alleviated by the executive officers following the advice of the company actuaries as early as 1926, when they advised that the basis of calculation of noncancelable accident and health reserves was inadequate. Also, considerable money was lost through a stock syndicate for employees and the making of loans for companies in which certain of the officers were interested."

The Pacific Mutual in its non-cancellable disability never wrote a policy exceeding \$1,000 a month in benefits, the officials say.

### CONGRESSIONAL PROBE LOOMS

The Sabath committee of the House of Representatives, appointed to investigate real estate bond company reorganizations, will sidetrack other matters to dig into the Pacific Mutual Life reorganization, it was announced after a conference between the committee's counsel, Murray Garson and U. S. District Attorney P. M. Hall.

Reports of abuses of power and of attempts to cover up conditions resulting from non-can business are the basis of the proposed investigation, Mr. Garson said.

### N. Y. PROTECTIVE COMMITTEE

NEW YORK, Aug. 6.—A protective committee has been formed in New York City to look after the interests of Pacific Mutual policyholders having the non-cancellable accident & health coverages. Heading the committee is G. Chauncey Parsons, a well-known life agent at 225 Broadway. Associated with him are: J. Arthur Marvin, partner in F. W. Lafrentz Co., accountants, and Glen R. Snider of Chapman, Snider, Duke & Radbaugh. The committee will make an investigation with the hope of bringing about an equitable treatment of all policyholders. Mr. Parsons states, "By the reorganization which seems to have become an accomplished fact put through without notice to its policyholders, it is apparently the hope of the company to keep on with its profitable business but to get rid of its unprofitable obligations such as its non-cancellable accident and health policyholders. This certainly seems to be a decidedly unjust and unwarranted discrimination. If it is necessary to reorganize, do so, but treat all policyholders alike." Mr. Parsons requests all holders of non-cancellable policies to get in touch with him immediately.

### Foreclosure Resistance Found

ST. PAUL, Aug. 6.—Mob opposition to foreclosure sales of farm property has flared up again in Minnesota with the Union Central Life the target this time. When a deputy United States marshal sought to foreclose two mortgages on farms in western Minnesota there was such interference from neighboring farmers that the sale had to be called off. Another attempt to foreclose will be made Friday. The farms were owned by Fred Schulke and T. N. Joens. According to J. L. Krusemark, attorney for Union Central, both farmers were extended every possible chance to finance their properties but had failed to do so and the attorney said Union Central Life was forced to foreclose in the interest of its policyholders. Taxes and interest in both cases were badly delinquent, the attorney explained, but the Union Central offered Schulke a scale down in the principal if he would finance within a specified time. When he offered federal land bank bonds at the scale down figure, the company rejected them.

## LEGAL RESERVE FRATERNALS

### Completing Meeting Program

#### Tax and Other Important Matters to Come Up for Discussion at New York

Plans are being completed for the annual meeting of the National Fraternal Congress to be held in the Waldorf-Astoria, New York City, Aug. 22-27. The main meeting will be the last four days, being preceded Aug. 22 by the annual meeting of the Fraternal Field Managers Association.

The invocation at the first general session Aug. 25 will be by the Rev. Dr. Charles Trexler of St. James Lutheran church, New York, former president of the Greater New York Federation of Churches. After singing of "America," Mayor F. H. LaGuardia, of New York, Superintendent Pink, and Col. C. B. Robbins, manager and general counsel American Life Convention, Chicago, will extend greetings.

There will follow the report of the committee on credentials, and the report of President Gilroy.

David Wood of Thomson, Wood and Hoffman, New York City, will speak on "Municipal Finance." He is a specialist in passing on validity of municipal bonds and has taken part with bondholders' committees in assisting defaulting communities to refund outstanding indebtedness.

#### Social Security Subject

Thomas H. Watters, Jr., counsel National Board of Fire Underwriters and Association of Casualty & Surety Executives, will discuss "Social Security Act Problems." He has made an exhaustive study of this subject.

Mrs. Dora Alexander Talley, chairman of the campaign committee of the N.F.C., will speak on the campaign.

Leo Griffith of Cassatt & Co., Pittsburgh and New York bond house, is on

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the program for a talk on "Investments." Dr. Herbert B. Kennedy, assistant medical director of the Woodmen of the World, Omaha, has been invited to speak on "Experiences of a Medical Director." Walter H. Smith, associate director United States Works Progress Administration, will speak on "Back to Business."

No dinners or entertainments are scheduled because there is so much to do and see in New York, Mr. Gilroy said. Approximately 400 delegates are expected to attend.

Undoubtedly there will be report in executive session on the status of the fraternals' fight against premium and other taxes in various states. This matter is being handled by a special committee. Investments, especially municipal bonds, in which societies invest heavily, will be reviewed.

#### Secretaries' Section Program

The Secretaries Section will meet Aug. 24, starting at 10 a. m., when President Gilroy will extend greetings. Miss Frances Partridge, secretary Woman's Benefit, Pt. Huron, Mich., will speak on

"Bridging the Gap Between Juvenile and Adult Membership," followed by a discussion led by Miss Bertha C. McEntee, recorder Ladies Catholic Benevolent, Erie, Pa. H. L. Ekern, president Lutheran Brotherhood and senior member of Ekern & Meyers, Chicago insurance law firm, will talk on "Superannuation of Old Employees," followed by discussion led by Thomas R. Heaney, secretary Catholic Order of Foresters, Chicago.

W. T. Eldridge, Cambridge, Mass., will speak on "New York Insurance Department Regulations Governing Certificate Provisions," the discussion being led by Hill Montague, president Mutual Life of Richmond, Va. J. E. Little, actuary Maccabees, Detroit, will talk on "Explaining Semi-technical Insurance Matters to Lodge Secretaries" and Peter Jurchak, general counsel Pennsylvania Slovak Roman & Greek Catholic Union, Wilkes-Barre, Pa., will lead the discussion. E. M. Mason, secretary Ben Hur Life, Crawfordsville, Ind., will discuss "Freelancing."

New officers are to be elected, and installed by Dean J. V. Abrahams, secretary Security Benefit, Topeka, Kan. The present officers are: Past president, A. M. Ford, assistant general manager Junior Order United American Mechanics, Philadelphia; president, C. L. Biggs, recorder Maccabees; vice-president, A. P. Cox, recorder Order of Mutual Protection, Philadelphia; secretary-treasurer, Miss Anna E. Phelan, secretary Women's Catholic Order of Foresters, Chicago; the executive committee, consisting of Mr. Ford, Miss Erna M. Bartel, recorder Royal Neighbors of America, Rock Island, Ill., and O. P. Seifritz, secretary Catholic Family Protective Association, Milwaukee.

#### Other Sections to Meet

The field managers' program was presented recently in THE NATIONAL UNDERWRITER. Other sections that will meet Aug. 24 are the medical section, presidents section, press section, and there also will be meetings of the Fraternal Law Association and Fraternal Actuarial Association.

Executive Secretary F. F. Farrell will present his annual report, and also results of the survey of societies' beneficial activities which has been conducted for a number of months. This is said to make a splendid showing, giving in great detail the social welfare and security work being conducted, including maintenance of homes for the aged and orphans, sanatoria and hospitals.

The National Fraternal Congress represents combined insurance in force of \$6,409,062,504, there being 7,055,878 members of the member societies. The importance of the fraternal institution is shown by the fact it had assets Jan. 1, 1936, of \$1,117,841,113, an increase of \$54,953,682 in the year.

S. H. Hadley, president Protected Home Circle, Sharon, Pa., is vice-presi-

dent of the N. F. C., and the executive committee includes Mrs. Mary B. Arnhold, president Royal Neighbors, Rock Island, Ill.; C. L. Biggs, Maccabees; Peter P. Jurchak, J. C. Karel, president Equitable Reserve, Neenah, Wis., Harry Manser, general counsel New England Order of Protection, Auburn, Me., and Mrs. Dora Alexander Talley, president Woodmen Circle, Omaha.

Mr. Hadley undoubtedly will be elected president for the ensuing year in line with precedent to elevate the vice-president.

#### Medical Section Program

The Medical Section meeting Aug. 24 will have three formal speakers: C. M. Grigsby, medical director Praetorian, Dallas, Tex., on "Cardiac Pain and Its Significance in Regard to Life Insurance"; Charles B. Ahlefeld, medical director Security Benefit, Topeka, Kan., on "Coronary Sclerosis and Thrombosis," and, in the afternoon, H. Z. Hibshman, chief medical director Junior Order United American Mechanics, Philadelphia, on "Some Observations on the Causes of Death in Fraternal Life Insurance." Election of officers will follow.

Present officers of the section are: President, E. L. Mason, medical director National Mutual Benefit, Eau Claire, Wis.; first vice-president, A. M. Limburg, medical director A. O. U. W. of North Dakota, Fargo; second vice-president, C. B. Ahlefeld; secretary, Tracy H. Clark, medical director National Union Assurance, Chicago; treasurer, J. P. Smyth, medical director Catholic Order of Foresters, Chicago.

## O'Malley Is Making Demand

#### Calls on 13 Fraternals to Give Information on Rate, Benefit Intentions

Thirteen fraternals were cited by Superintendent O'Malley of Missouri to have representatives attend conferences in the department office at Jefferson City relative to the kinds of policies they sell, their methods of setting up reserves, and whether they contemplate any changes in policies, rates or benefits to members, especially those at the older ages.

There are some 52 other fraternals operating in Missouri. Whether O'Malley intends to call on them for similar information is not known. His action follows closely a hearing and revocation of license of the Modern Woodmen.

The societies cited are: Catholic Knights of America, St. Louis; Catholic Order of Foresters, Chicago; Security Benefit, Topeka, Kan.; Woodmen of the World and Woodmen Circle, Omaha; Standard Life, Lawrence, Kan.; Royal Neighbors, Rock Island, Ill.; Aid Association for Lutherans, Appleton, Wis.; Ben Hur Life, Crawfordsville, Ind.; Fidelity Life, Fulton, Ill.; Maccabees, Detroit; Protected Home Circle, Sharon, Pa., and Royal Arcanum, Boston.

The conference with the Security Benefit is to be Aug. 17. Dates for other

meetings will be within the two succeeding weeks.

In a formal letter sent to the societies, O'Malley stated complaints had been received as to rate increases by fraternals and that fraternal's rates were higher than those of old line life companies for the same amount of protection. He said there had been complaints that insurance benefits to fraternals' members had been reduced without consent of members.

In the notice to the Security Benefit, O'Malley states the society's rate at age 35 for ordinary life is \$21.65 per thousand which does not include per capita tax or local lodge dues; that at the end of the tenth year the policy would have \$107 cash value. He noted an old line average rate for companies operating in Missouri of \$20.39 per thousand, and average cash value of \$122 at the end of tenth year. Old line companies have no right to reduce cash benefits or raise rates, he said. The old line companies pay and always have paid 2 percent premium tax, he said.

#### See Dangerous Possibility

Under existing laws fraternals have the legal right to increase rates at any time and to any amount, assuming they are properly doing business under such law, O'Malley said. In the notice he said:

"Some fraternals claim to have the right to reduce contract benefits even to the extent of wiping out cash values entirely under these laws. In that event it would follow that the same fraternal could increase the rates many times over and at the same time decrease or entirely wipe out the cash benefits."

"If any or all of the societies claiming the right to operate under present fraternal laws should conclude to exercise these rights either in part or in full the situation so created would be intolerable to the members."

"I want to know if you will or will not raise the rates of your members in Missouri in the future, particularly in connection with your older members, and if you will or will not in the future attempt to reduce contractual benefits or promised cash values. These are matters which each of your younger members should be informed of now while it is still possible for them to obtain adequate protection. In a few years it will be too late for many of them."

## Royal Neighbors Founding in Council Bluffs Recalled

The Royal Neighbors of Rock Island, Ill., is taking great interest in plans for the centennial celebration at Council Bluffs, Ia., for it was there the fraternal was founded. From Council Bluffs the society has spread to 44 states. It started with a notice inserted in a Council Bluffs newspaper asking that a social organization be formed, eight women responding. It developed they were all wives of Modern Woodmen members, so it was decided to form an auxiliary to the M. W. A.

The first officers elected were Mrs.

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 500 Fifth Avenue      New York City

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**FACKLER and BREIBY**  
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 Edward B. Fackler      William Breiby  
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## PENNSYLVANIA

**FRANK M. SPEAKMAN**  
 CONSULTING ACTUARY  
 Associates  
 Fred E. Swartz, C. P. A.  
 E. P. Higgins  
 THE BOURSE      PHILADELPHIA

Maine Kirkland, president; Mrs. J. J. Keith, vice-president; Mrs. J. H. Cleaver, treasurer; Mrs. C. W. Williams, secretary. In 1890 it was made a secret organization. In 1891 the society permitted men to join providing they were active members of the M. W. A. The Royal Neighbors was officially recognized by the Modern Woodmen as an auxiliary in 1892, when a committee was appointed to seek legal authority to institute an insurance business. The first certificates were issued May 10 and May 14, 1895. Several of the early day officers still reside in Council Bluffs.

## Can't Change Accrued Rights

On the theory that changes in the by-laws of fraternals cannot be made after substantial rights have accrued, the Pennsylvania superior court held for the assured in *Premuzic vs. Croatian Fraternal Union*.

Premuzic became sick in 1929 and was paid weekly sick benefits amounting to \$1,376, from 1929 to 1930. At the time of his admission in 1924, under the by-laws, he was entitled to receive \$5 a week until he became well. In 1932 the by-laws were changed reducing the benefits and fixing the total amount of benefits payable from Jan. 1, 1925, to any member at \$1,250.

## T. J. Sweeney Is Dead

T. J. Sweeney of Lawrence, Kan., treasurer Standard Life, died after an illness of three years. He was president of the People's State Bank of Lawrence and a prominent figure in the Knights of Columbus. Mr. Sweeney was born in County Mayo, Ireland, coming to this country at the age of 13. He was one of the organizers of the Fraternal Aid Union, later the Standard Life, of which he had been treasurer for about 30 years.

## Poss Honored by Bar

Benjamin Poss of Milwaukee, general attorney Equitable Reserve of Neenah, Wis., has been elected vice-president of the Wisconsin Bar Association. He recently was elected a trustee of the Northwestern Mutual Life. He is senior member of the legal firm of Poss, Toelle & Schuler.

## Verhovay to Pay Dividends

The Verhovay Fraternal Insurance Association of Detroit late in October will pay dividends to all members whose certificates are three years old as of Dec. 31, 1935. Each such member will be entitled to receive 2 percent of the reserve value of his certificate as of that date.

## Mrs. Talley on Vacation

Mrs. Dora Alexander Talley, president of the Woodmen Circle, Omaha, is on vacation at Ogunquit, Me.

## Modern Woodmen in Rally

The Modern Woodmen conducted a two-day western Missouri and eastern Kansas rally at Fairyland Park, Kansas City, with drill teams from seven Missouri and four Kansas cities. F. M. McDavid, Springfield, Mo., director; W. W. Gordon, director, Kansas City, Kan., Maurice Smith, commanding general of drill teams, and L. E. Worner, Mexico, Mo., state manager took part. C. A. Baugh headed the committee on arrangements and G. A. H. Kuntz was secretary.

E. B. Thurman, Chicago general agent of the New England Mutual Life, who was severely hurt in an automobile accident in Indiana some weeks ago, is still confined to his home and unable to get to his office. Mr. Thurman was jolted far more than he anticipated when the accident occurred. He was, however, able to be driven down to the Edgewater Beach Hotel in Chicago Tuesday evening to join Vice-president George L. Hunt of the home office at dinner.

## Rural Agents Finding Less Competition From Bankers

## (CONTINUED FROM PAGE 1)

sion, and second, that the infallibility of the judgment of even the most well-intentioned bankers has been considerably shaken during the last half dozen years.

The local bank official used to be a prevalent and often discouraging form of competition in the smaller communities. Not only was his advice on insurance and financial matters regarded as the best available, but in his role of money lender, present or potential, he was in a strong position to exercise a little discreet pressure. Few insurance buyers could feel certain that it might not some time be valuable to be on good terms with their local banker and consequently it was rarely necessary for more than a slight but definite hint to be passed to the man who was considering the purchase of life insurance.

## Appreciation of Full-Time Agent

At the same time there has been a growing realization among life insurance prospects that their protection is best handled by an agent who is making a full-time job of this type of work.

The use of settlement options, even on small policies, has been growing rapidly in recent years, making it increasingly desirable for the policyholder to have his insurance handled by some one who can arrange the details of an optional mode of settlement rather than by some one who has merely a license to write life insurance applications. The swing toward the full time life insurance agent has of course been helped by the mounting public esteem of life insurance as contrasted with the record of some other types of financial institutions.

## Urge More Time Control Over the Field Worker

## (CONTINUED FROM PAGE 4)

to an agent is one which hits him in the pocketbook at the moment. The Metropolitan system does just that. Am I right in holding that the Metropolitan has no recruiting problem today? I do not mean to say that that company does not have to contend in part with the universal old-agent-lethargy-factor, for no doubt experienced Metropolitan agents have the same tendency to hit 'natural levels' and to ease up at such production points. But the control is there, to be exercised whenever the provocation becomes great enough, and every Metropolitan agent knows just that. I think it is also true that no small credit for the success of the Metropolitan agency system is to be found in the company's strict adherence to the plan of promoting experienced solicitors into managers while they are still young enough and active enough to have retained the good habits of earlier days as mentioned hereinabove, and then to hold each manager firmly responsible for the strict carrying out of established company agency practices.

## Right of Discipline

"I think that once the premise is accepted that time control is the all-important factor in creating successful agents and keeping them so, along with that must go recognition of the essentiality of company right to discipline. And that necessarily leads to the inevitability of some sort of salary system of compensation. Once any company arrives at that conclusion, ways and means will be found to secure a just return in the way of work for compensation paid. Employers have never experienced any great or lasting difficulty in getting a fair work return for wages paid, and that would prove true of life companies, as it has with the Metropolitan. Most companies, in territory in which they are actually entitled to concentrate new business efforts either by reason of volume of business already on the books or because of the factor of propinquity to home office, are in position to allot old

policyholders to agents in much the same way as does the Metropolitan. It is nothing new for agencies to hand out names of old policyholders, but I know of no instance where it is done in the methodical manner followed by the industrial companies, and such a way that sufficient work is entailed on the part of the individual agent to assist materially in creating and maintaining good working habits—again in the sense of time control. And it should be recognized that a fair part of the agent's salary compensation is paid for this servicing work.

"No good purpose is served by pointing out the sort or sorts of work direction company managers should give to salaried agents in addition to old policyholder contacts, for that is the same problem as has always been faced. Certainly there are enough avenues of approach to new business both open and known to all experienced field men to make it possible to keep at work many more agents than are now under contract. But all experience teaches that new agents now who become good producers in the future will soon fall into the same groove we older men have hit, and that the same old cry will be going up of the recruiting problem for new men, and the lethargy problem for old, as we have been hearing it intermittently for generations past. To me, the sum and substance of the whole recruiting and soliciting problem is found in these related factors, first, an agency policy on the part of the home office which accepts the principle of salaried agents and managers, and calls for strict accountability for time and effort from each; second, new managers, promoted from the ranks, as quickly as operation of the new agency system will permit. Managers must know where and how to look for business, and those 'wheres and hows' must arise in such simplified forms of soliciting that it is not necessary to go out in search of supermen in order to recruit. Wherein does this differ from the very successful Metropolitan system, at least in its basic elements?

## Gains by Volunteer State Life Told at Convention

## (CONTINUED FROM PAGE 6)

R. Hall, Fort Worth, Tex.; J. H. Jarvis, Knoxville, Tennessee; L. E. Line, Knoxville, Tennessee; S. T. Pender, Columbia, S. C.; H. M. Piper, Bristol, Tennessee; J. M. Smith, Memphis, Tennessee; G. B. Stackhouse, Mullins, S. C.; and Thedford Turner, Edison, Georgia.

## Tribute to Commodore Key

A. V. Mozingo, agency vice-president, spoke on "Knocking the 'L' Out of Lapse," and at the close of his talk, Mr. Mozingo pulled forth a huge pile of applications which he presented to A. L. Key, chairman of the board.

While this presentation was taking place a group of delegates entered the assembly hall with a boat, about 10 feet long, in which rode an elaborate radio and serving set. This was also for Mr. Key, who won the rank of commodore in the United States Navy.

Other talks were given by T. S. M. Bloodworth, agency auditor; Thomas F. Bourke, superintendent of agencies, A. E. Archibald, actuary; all of Chattanooga, and Mrs. Kate McAlpin Crady of Fort Worth, Texas.

## Agency Production Records

**O. P. Schnabel**, Jefferson Standard, San Antonio, Tex.—\$500,000 increase in delivered business for first six months.

**William Harrison**, manager Union Central, Houston, Tex.—Agency stands sixth for agents producing at the rate of \$100,000 or more, every full-time agent producing at that rate. Six of the 11 agents are new, put under contract in the last two years. Premiums for the group for first six months range from the low man with \$1,317 to high man with \$17,307. Two other men in the group have premiums of better than \$5,000 for the period.

To increase sales efficiency write for **"Buying Time."** It's free. Diamond Life Bulletins, 420 E. 4th St., Cincinnati.

# SALES IDEAS AND SUGGESTIONS

## "Power" Words and Phrases Make Interview Effective

One of the outstanding features of the recent annual meeting of the Northwestern Mutual Association of Agents was the presentation of "Power Words and Phrases" by five leading agents, who have produced in the aggregate \$34,000,000 for the company. The power of speech was demonstrated by speakers representing the eastern, central and western parts of the country, both city and rural fields. The talks were designed to give all agents an opportunity to adapt to their own use words and phrases which these successful producers have found effective.

Agents participating in this feature were J. Vincent Talbot, Newark; George R. Bennett, Wausau, Wis.; P. M. Anderson, Wichita, Kan.; E. H. Anderson, Topeka, Kan., and M. F. Schwinn, Beaver, Dam, Wis. As typical of these talks, that of Mr. Talbot is presented.

\* \* \*

Experience teaches that properly phrased words, leading to a sequence, and delivered or read at the proper time—get action.

1. Life insurance did not, nor does not, cause social or economic problems to arise, but life insurance does help you and me to solve the social and economic problems that we are born to, as citizens of this, the greatest country on earth.

2. Only through life insurance can the average man discharge his obligations to society, and, achieve, be certain of, economic security. This is a fundamental truth, and let's have no false notions about it.

3. Today we find ourselves facing many adverse economic conditions, conditions beyond our control. The question is—what are you going to do about it?

4. When interest rates drop from 5 percent to 4 percent, and they have, someone's beneficiary's income is reduced 20 percent; and when they drop from 4 percent to 3 percent, someone's beneficiary's income is reduced 25 percent more, or a total of 40 percent. And when this condition is aggravated by rising prices, and it is, the only immediate relief for the average man, his only hedge, is to buy, to own more life insurance.

\* \* \*

5. So long as a democratic form of government survives, there never will be a legitimate reason for not owning life insurance, and by the same token, will there ever be a legitimate reason for a producer of income adequately covering the economic loss his dependents will sustain in the event of his death?

6. The door to social and economic security has always been open in the institution of life insurance.

7. Life insurance and economic security are synonymous.

8. In every life insurance policy, other than term, there is an option on a perfect investment for a man's old age—and its fullness is measured by the degree he endeavored to provide for his family's welfare, his moral obligations, if he died.

9. Adequate life insurance, on the right plan, automatically provides against the hazards of living too long, or dying too soon.

10. You've seen wives left fortunes in real estate—and lose it all; you've seen wives and mothers left stocks, bonds,

money, and varied forms of wealth, and for one reason or another, it gets away from them. But did you ever see a wife or mother left a life income, through life insurance, that she did not receive and enjoy so long as she lived?

11. An annuity places a premium on living and makes many an oldster a desirable person to have around.

12. Life insurance is designed to relieve economic pressure, and when applied by an expert, always works. Is your life insurance setup a "home-made" job?

13. Thirteen is considered unlucky by many people, but the fellow who is genuinely unlucky is he who must solve the social and economic problems of today, without the aid of life insurance, because he happens to be uninsurable.

\* \* \*

14. Among others, there are two good reasons to act now:

- a. Your rate is going up, and
- b. Something may happen to make you uninsurable.

15. There is not the lure, or temptation, to spend or dissipate life insurance dollars, due to the nature of the contract; hence they are much more apt to do the job originally intended.

16. If you were to pass out tomorrow, and you may, would you take away with you the little luxuries—the necessities—your wife and kids love so well—or is your life insurance so set up that despite their loss, they'll have a chance?

17. One of two things is certain. Either you'll live, or die. If you live, you'll need money; if you die, your family will.

18. Let's perpetuate you, at least, for the lifetime of those you love and who love you.

19. Show me a man who owns adequate life insurance and knows why he owns it, and I'll show you a man who's happy.

20. An economic depression at its worst is a "sucker" compared to the economic loss and havoc caused by death. And the man who leaves himself and his family "wide open" and unprotected is the biggest sucker of all.

21. You are your family's trustee. The question is: Are you a good trustee?

22. Are you giving your family the benefit of the same good business judgment the courts would compel you to give, were you handling the affairs of another?

23. I have only one object in mind in visiting you tonight—and it's not to sell you insurance—it's to ask you—to think!

24. Have you appraised the value of the property to be insured?

25. The law recognizes the fact that family obligations take precedence over financial obligations.

26. Experience teaches that a man of 60, who has the principal of his savings without interest, is a remarkably good investor.

27. It is my unqualified opinion that a man cannot concentrate on his own business and simultaneously qualify as an investor. There may be exceptions, but they only prove the rule.

\* \* \*

28. Isn't it a grand feeling to know that whether you live or die, your boy's college education is provided for?

29. It's far easier to pay for a college education over 10 or 15 years, than in four.

30. The risk exists, it's just a question of who holds the bag—your wife and kiddies, or the life insurance company..

31. Whether your economic problem is of a family or business nature—we have the solution.

32. Why force your wife into the marriage market, for lack of economic independence, when her soul is burdened with rich memories of you?

33. Life insurance enables a man to accomplish—immediately—what otherwise would be the work of a lifetime.

\* \* \*

34. Today every man of means, like it or not, has a new legatee, whose claims are prior to wife, children and loved ones—and, yes, may possibly leave little or nothing for them.

35. Would you rather pay your estate and death taxes at 5 percent per year and have any unpaid balance cancelled upon your death, or

36. Would you rather pay them 100 cents on the dollar, or maybe 200 cents, or more, depending upon market conditions?

37. Life insurance absorbs the shock of drastic death taxes.

38. Have you taken advantage of the preferred position of life insurance in relation to death taxes?

39. It might be possible to arrange now to pay your estate and inheritance taxes on the installment plan, and if you die before the last payment, we'll mature the contract. Let's find out if you can do it.

\* \* \*

40. A corporation is an artificial person created by law for the purpose of doing business, but it takes dollars and people to give it life.

41. Life insurance creates a market for the stock of closed corporations.

42. It's better to have your deceased associates stock, than his lawyer for a partner.

43. The privilege of citizenship in this great country requires the acceptance of certain obligations, obligations that every real American recognizes and meets, or tries to meet. If he dies without having met, or having tried to meet, these obligations, and leaves the obligations of his creation to the state, to society, to provide for, he is consciously or unconsciously helping to weaken, to destroy, the principles of government that it is his sacred and sworn duty to uphold.

Only through life insurance can the average American discharge the obligations that are inherently his as a citizen of this great country, and if he does not recognize and accept this fact, he should move himself to a country where the individual is not supreme, and where the form of government, probably either socialistic or communistic, accepts the obligations he created and did not provide for.

It is difficult for me to understand how the average man who does not utilize life insurance can square his conscience with family or country.

44. Life insurance is more than a business. It is part and parcel of the social and economic structure of America.

Ours is the job of education, and our opportunities are just beginning to unfold.

### Madden Is State Agent

A recent item referred to the Louis Hanson state agency of the Kansas City Life in Milwaukee. This is incorrect as L. E. Madden is state agent in Wisconsin for that company.

## SALES IDEAS OF THE WEEK

### SEES A TIME ELEMENT

At the Midland Mutual convention A. R. Jaqua, associate editor of the "Diamond Life Bulletins" gave a number of prospecting and sales suggestions, and dramatically presented the benefits of life insurance in the promotion of individual economic security and as a defense against the hazards of unemployment, disability, old age and death. Calling attention to the fact that of the agents present about half had been in the life insurance business 10 years or longer and were almost without exception men of financial means and standing in their community, Mr. Jaqua mentioned that there was a "time element" in life underwriting and that those who stayed and wrote even a medium amount of business enjoyed a liberty of action and security of income surpassing that of any other vocation.

\* \* \*

### DIFFERENCE IS SHOWN

J. C. Benson, home office general agent of the Union Central Life at Cincinnati, in a rather graphic way illustrates the problem confronting insurance salesmen these days, both in the way of securing business and then conserving it. Present day conditions enter into Mr. Benson's consideration of the subject. He draws a very sharp dividing line between what might be called surplus that is not actually needed for living purposes and some luxuries. He takes, for example, a man having an income of \$12,000 a year. He can live comfortably and meet all his obligations and have considerable satisfaction in the way of luxuries. He has probably \$2,000 or over that is surplus available for investment or other use. In the budget that has been made up there has been a certain amount set aside for life insurance. The question arises then as to the use of the \$2,000. The person is influenced largely by people who call on him that are presenting different ways he can employ his money. A life insurance man may impress him very strongly and he is influenced to use a goodly part of it in purchasing additional insurance. It all depends on the people who get to him first and make the most vivid impression. He has no immediate need for the extra \$2,000. That is his undivided surplus which he can use in many ways.

Here Mr. Benson takes another man who is making \$4,000 a year and has \$300 that can be used on a pinch in the purchase of life insurance or something else. However, this man is not in a position to indulge himself in any great amount of extraneous activities. The \$300 is saved by utmost economy. All his money is used in taking care of his ordinary expenses. However, the \$300 is the amount that can on a squeeze be used for something over and above the actual budget that he has fixed. Mr. Benson then calls attention to the fight that is made for that \$300. It becomes a real strife. There are a hundred different things that are attractive and which the man or members of his family need. In days gone by, before the depression, there were thousands of people that had a surplus which they did not actually need and which could be employed in purchasing life insurance. The arguments did not have to be extraordinarily convincing but when it comes to the \$300 man there must be powerful words used. If the life agent prevails on the \$300 man to use all or a part of that in the purchase of life insurance, his battle may not be over. Various other salesmen will continue to

hammer him in order to get a part or all of the \$300 which has been invested in life insurance. Even if \$100 of this amount is used in a life insurance premium, there will be a continuous strife on part of different salesmen of various kinds to shift the man to their cause.

Mr. Benson, in using this illustration, shows how ardent and resourceful a life salesman must be to get his share of the \$300 and after he has gotten it to keep it. This is entirely different from the man who has a surplus above all the ordinary demands.

## MIDLAND MUTUAL CONVENTION

(CONTINUED FROM PAGE 3)

It comes as something of a shock to an outsider to learn that agents complete their applications more accurately and more completely than medical examiners complete their reports.

President of the Leader Club this year is George A. Bowen, of Mayfield & Bowen, state agents for Indiana. Contrary to the usual run of Midland Mutual agents, who are very often either ex-school teachers or sons of general agents, Mr. Bowen is an ex-banker who has come to believe that he could best make use of the Rotary motto "He profits most who serves best," as a life man.

One case cited by Mr. Bowen is of interest. A son bought \$10,000 of insurance to provide an income for a dependent father and mother. When the son died Mr. Bowen suggested that the money be placed under a joint and survivorship option but a son-in-law said the income would not be enough and that he wanted it paid out at the rate of \$200 a month, saying that he, himself, would continue the income should it become necessary. It being suggested that the son-in-law might die meanwhile, he immediately bought another \$10,000 so that the income could be perpetuated. Vice president of the Leader Club is J. Franklin Schindell, general agent at Passaic, N. J. Ex-Baptist minister, Mr. Schindell is an adept at coining phrases and the use of wit in his presentations. One phrase—

"If premature death overtakes you, your family must live on. On what?"

Father and son combinations abound in the Midland Mutual. There is LeRoy E. Sherer, associated with his father in Pittsburgh. There is Lloyd T. Stillson, associated with his general agent father in Youngstown, O. There is Ralph Mowrer, associated with his father, E. O. Mowrer of Akron (another son is about to join the agency). And there is Herman O. Tice, nephew of Herman O. Tice, supervisor at Columbus and nephew of the original agent for the company, E. P. Tice, who after 30 years is still good enough to write a \$380,000 business case along with a regular production approximating a million and who, in July, made Leader Club conventions for the ensuing year.

### Other Speakers on the Program

Other speakers at the first morning session were: LeRoy E. Sherer of Pittsburgh, on "How and Why I Chose the Midland Mutual Life"; M. A. Zitzman of Chicago on, "My Methods of Prospecting and Selling"; Lloyd T. Stillson of Youngstown, on "Salary Savings Plan"; and W. C. Hart of Cleveland, on "We and Our Times." That last subject doesn't really sound grammatical at first glance, but anyone who heard the polished sentences and oratorical delivery of Mr. Hart would know that it must be correct.

M. A. Zitzman followed the idea that gripped some other life men and became a broker. Then he decided that the loop in Chicago was not the place for him and moved to the north side where, as a

matter of prestige, he selected his office in the largest building and on a floor popularized by 20 good doctors. Then he contacted the local newspapers, advertised therein, joined civic bodies and at the end of six months was acquainted with 500 business and professional men in what he is pleased to call his "community."

As an example of the way he arranges settlement options, Mr. Zitzman told of a case of where a wife aged 40 was made beneficiary of \$20,000. It was suggested to the husband that this be paid at the rate of \$1,000 per year for 20 years, at the end of which time interest accumulations would leave a balance of \$10,000 which could be paid in cash or turned into an annuity for a lifetime income to the wife.

The increasing popularity of the salary savings plan was emphasized by Lloyd Stillson who claimed that with proper selection of companies and the correct franchise the business acted as a stabilizer for the agency, had a lower-than-average lapse rate, and discovered other prospects such as members of the family of the employee and others.

### J. A. Hawkins—Hurry Up Man

To one man more than any other belongs the credit of instilling the family spirit among representatives of the Midland Mutual. That man is J. A. Hawkins, manager of agencies. Blessed with unbounded energy and affability, he expends both without stint. He knows every representative and his wife and children by their first names. For weeks before the convention, he sends to every man detailed directions of how to make his quota, on how to get to the convention hotel and what to do when he gets there. On arrival he passes out "tip" money to each arrival. He is chairman at the sessions, toastmaster at the banquet. He is big brother to every one. Pet phrase: "Hurry up, let's get going."

### Leaders Were Recognized

Two of the home office force deserve special attention. One is R. S. Moore, assistant superintendent, who runs the business under E. O. Mowrer, general agent at Akron and who claims he was in the business six months before he knew there was any contract written except the endowment-at-65, or that there was any sales talk except "A Family Income in Any Event" (See Diamond Life Bulletins, page K69). "Russ" spends much of his time appointing agents and doing joint work with agents and general agents and is a speaker of national reputation. The other is J. G. (Dad) Monroe, long-time superintendent of agencies, editor of "The Builder," writer of commiserating or complimentary letters as the occasion requires, and greatly beloved by the entire field force.

Voted "Most Valuable Agent" for 1935-1936 was E. P. Tice of Columbus. Voted "App-a-Week Club Leader" was S. L. Yochum of Camden, O., with 606 weeks to his credit. Voted "Leading Organizer" was James R. Mayfield of Indianapolis, lately superintendent of

agencies for the Indianapolis Life. Voted "Part-Time Leader" was Bruce R. Abernathy of Wabash, Ind.

A novel way of developing facts was the "Court of Inquiry" which opened the Friday morning session, with A. G. Gabriel of Detroit as prosecuting attorney and R. S. Moore, assistant superintendent, as attorney for the defense. Called before the court were:

LeRoy B. Breneman of Lancaster, Pa., who was accused of using circularization or advance mailing pieces. He pleaded guilty and fully justified himself in the eyes of his audience; J. H. Moorcroft of Detroit, who was accused of misusing his time, but proved his innocence by a record showing that during the past year he had spent 1,857 hours in the field, had seen 3,511 people and had paid for 110 applications; W. T. Trump of Dayton, who was accused of using the indirect selling method and S. L. Yochum of Camden, O., who was accused of being political leader in his county and failing to make the Leader Club although he continued his App-a-Week record.

### "Standpatters" vs. "New Dealers"

Another method of keeping up interest while presenting facts was a group debate between H. O. Tice and B. F. Carter, both of the Columbus agency, one representing the "Standpatters" and the other the "New Dealers." Mr. Tice called F. B. Earl, Neil W. Lamp and Gilbert Moody as witnesses for the cause of fundamentals in presenting life insurance. As witnesses for the cause of new ideas there appeared F. Ray Wilson, O. R. Gillogly and C. H. Mecham.

Charles E. Sherer of Pittsburgh, presented a series of charts which he uses in programming and presented figures to show that charting a prospect's present insurance and his future program have a definite money value.

An exposition of business insurance by C. W. Stillson, general agent at Youngstown, O., was most informative.

### Jefferson Standard Figures

GREENSBORO, N. C., Aug. 6.—President Julian Price, Jefferson Standard Life, reports assets, June 30, \$64,484,799; surplus and contingency funds increased to \$3,400,000, making with the \$1,000,000 capital, total surplus of \$4,400,000. Life insurance sales increased by 3 percent the first six months aggregating \$22,62,000 and running the total of insurance in force to \$335,000,000.

President Price claims that in 1935 the Jefferson Standard earned the highest rate of interest of any United States life company on mean invested assets and also to the fact that since organization in 1907 it has paid 5 percent on funds held in trust for policyholders and beneficiaries. The board passed resolutions of sympathy for Col. Walker Taylor, Wilmington, director who is ill.

Ray Fletcher of Ypsilanti, Mich., has completed three years of consecutive weekly production for the Ohio State Life.



LaSalle Hotel "clicks"  
with everyone. Every room  
is newly decorated and re-  
furnished. New inner-spring  
mattresses assure you a wonderful  
night's sleep. Now you will enjoy  
LaSalle Hotel more than ever before.

You'll like the rooms,  
the food, the rates!

FOREMOST IN  
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Send for free AAA road map  
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Single .....	\$1.50 to \$3.00
Double .....	\$2.50 to \$5.00
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Clarence A. Miner, President

**HOTEL LENOX**  
140 North St., near Delaware  
**BUFFALO, N. Y.**

# • RECENT COURT DECISIONS •

## Hospital Information Rule

### New York Supreme Court Holds That Records in Such Institutions Are Clearly Privileged

The New York supreme court has handed a decision which will have a far-reaching effect on claims. The case is Jacob Belsky, plaintiff, vs. Continental Casualty. The company desired to inspect the records of the Sydenham Hospital in New York City, the New York Post Graduate of New York City and the Aurora Health Farm of Morrisstown, N. J., where it was claimed the assured had been confined. It desired to ascertain first, the diagnosis of and nature of the ailment, the commencement and duration, physical condition, the medical history of the assured and the treatment. It was contended by the company that the policyholder had misrepresented in his application his condition, stating "that he had never had nor had been told that he had not consulted any physician or practitioner for any symptom or manifestation of disorder of the digestive organs or ailment, disease, injury or operation."

#### Claim Statements Are False

The Continental Casualty in its defense claimed that these statements were "false and materially affect the acceptance of the risk and the hazard assumed." The company requested the court to instruct the policyholder to give his permission to the company to get the hospital record. The company held that it had repeatedly asked the plaintiff to give such permission but he had refused.

The attorney for the assured opposed the granting of this permission on the ground that the matter in these records constitutes privileged communications and cannot be obtained by the insurance company for the purpose sought with respect to its defense. Supreme Court Justice Rosenman in his decision stated, "The records of the hospital are clearly privileged and no inspection will be ordered."

#### Aviation Double Indemnity

An unusual decision affecting the double indemnity clause in life policies arising from aviation accidents was rendered by the United States circuit court of appeals, ninth circuit in California in the case of Metropolitan Life vs. Holcomb. The clause in the policy in part read: "death shall not have resulted from bodily injuries sustained while participating in aviation or aeronautics except as a fare paying passenger."

The policyholder was killed in an airplane crash while on a search within the borders of California for a brother who was missing. The pilot of the plane was regularly licensed by the Department of Commerce, but his license prohibited him from carrying passengers for hire. A jury in federal district court found there was an implied contract to pay fare for the air trip. The appellate court, however, reversed this decision on the ground that the pilot's license prohibited him from carrying passengers for hire and California law governing the case was to the effect that any federal acts or regulations should govern.

There was no actual evidence that the policyholder had paid or promised to pay a fare. The appellate court decision, therefore, was that, it being contrary to law and regulation for him to pay a fare or the pilot to accept a fare for the trip, the policyholder was not a fare-paying passenger and therefore his estate was not entitled to benefit by the exception in the double indemnity clause.

## Calculation of Grace Period

### Thirty Days Runs from Receipt of Premium Due Notice Not from Due Date

On the ground that a policy is not forfeited until 30 days after the mailing of a notice of a premium due or past due, the Iowa supreme court has held against the insurer and in favor of the beneficiary in Andrews vs. Union Mutual Life.

The quarterly premium was due at noon Jan. 10 but was not paid. Therefore the insurance company contended that the grace period expired at noon Feb. 10. The insured died at 10:45 p. m., Feb. 10.

#### Notice of Premium

There was no notice of a premium due or past due until Feb. 1. Accordingly, the supreme court held that the policy would not have been forfeited until 30 days after the mailing of that notice and it was in force when the insured died.

The insurance company is entitled to deduct a full year's premium from the proceeds. Under the contract premiums are due annually in advance, and while the privilege is given of paying such premiums in installments, any unpaid installments will be deducted in any settlement under the policy.

## Acceptance of Delinquent Dues Is Not Reinstatement

The beneficiary under a certificate of the Modern Woodmen has been denied recovery by the Illinois appellate court third district because of a provision in the by-laws that where a member is suspended and tenders dues in order to be reinstated, such a tender constitutes a warranty on the part of the member that he was in sound health at the time.

The assured was in critical condition when he tendered his delinquent dues. They were accepted by the camp clerk who did not know of the assured's condition. After learning of the death of Gregory, the assured, the camp clerk returned the assessment to the mother of the deceased who, he thought, had furnished the money.

The court found that when the dues were tendered to the camp clerk, it constituted a warranty upon the part of the assured that he was in sound health and the acceptance of the dues without knowledge of his actual physical condition could not effect his reinstatement. The case was Blair vs. Modern Woodmen.

#### Disability Not Permanent

Pointing out that total disability cannot be presumed to be permanent after it has ceased to exist, the Wisconsin supreme court has held for the Mutual Life of New York and against the assured, Bushnell.

The assured was totally and presumably permanently disabled from July 13, 1933, to Dec. 8 of that year. The assured did not provide proof until Jan. 18, 1934. The contention was that the assured during the period of disability was in no proper condition to attend to furnishing this proof.

The court held that by the express terms of the contract, the proof of total disability must be furnished while the disability exists. Disability cannot have continued since its beginning unless it existed at the time the proof is furnished.

The meaning of an endorsed provision on the policy is that if the assured shall delay furnishing due proof for more than one month after it begins, the pay-

ment of benefits shall begin at the end of the first month instead of upon receipt of proof.

## Side Agreement on Premium Payment Is Not Binding

An agreement between a branch manager of a life company and the son of an assured to notify the son if a father fails to pay the premium when due, is not within the apparent authority of a local agent or manager of an insurance company, according to the Tennessee supreme court in Metropolitan Life vs. Umstated. The premiums were payable monthly and the father had not paid the premiums for the two months preceding his death.

The son testified that he had made an arrangement with Cates, former local manager of the Metropolitan, under which Cates would inform him if the father failed to pay the premium. The son said the arrangement had been made known to Cates' successor, Simpson.

At one time the son was notified that his father had failed to pay the premiums and the son remitted for four successive months. This, the court held, was not sufficient to establish a custom, usage, or course of conduct on the part of the insurer.

#### Amendment Not Retroactive

The amendment to the South Carolina law defining the contestable period as two years from the date of issue instead of when premiums for the space of two years have been accepted by the company is not retroactive, the United States circuit court of appeals for the fourth circuit (South Carolina) has decided in New York Life vs. Truesdale, et al.

The lower court found that the policy had been obtained by means of false and fraudulent representation, but that under the law which was in force at the time the policy was issued, the company has no remedy, because it had accepted the second year's premium at the time of commencing suit for cancellation, although two years had not elapsed from date of issue of the policy.

The amendment, according to the court, cannot be construed as taking away the right of the assured in the contestability of this particular policy, which had already vested.

The policy had a disability clause and the court found there was jurisdiction in equity to cancel the policy with respect to its disability provision.

The right to defend in an action at law instituted in the state court to recover on the disability feature of the policy does not afford the company an adequate remedy. The running of the period fixed by the contestable clause is stayed only by a legal contest and to prevent a contest within the period of contestability, the assured might purposely delay action, or having instituted action might dismiss it and await the expiration of the period before beginning anew.

#### Not Entitled to Renewals

The Modern Life of St. Paul was the winner before the Minnesota supreme court in a controversy with Wicker, its former general agent at Rochester, Minn., over certain renewal commissions.

Wicker had jurisdiction over several counties. The Modern Life sent several special agents into the territory who wrote much business, on which Wicker was not entitled to renewal commissions under his then existing contract. Wicker was dissatisfied and a new contract was negotiated, giving him exclusive right and containing this provision: "Commissions on all renewal premiums col-

## Death in Jump to Avoid Police Called Accident

Holding that recovery under the double indemnity provision is not defeated by the fact that negligence of the assured entered into his death, the Oklahoma supreme court has found against the insurer and in favor of the beneficiary in Mid-Continent Life vs. Davis.

The assured was participating in a wild party in a first floor apartment and jumped from a window in an attempt to avoid being taken to the police station by officers who had raided the house. He struck a metal awning and fell in such a way as to cause injury that resulted in his death.

The higher court held that in jumping from the window, the assured must have assumed he would light on his feet and perhaps be able to run away from the officers. Death is "accidental" within the policy where it is unexpected and not the probable result of his conduct.

lected on business written by or through the agent when received in cash by the company, as follows: 7½ percent per annum for nine years on all forms of insurance now written by the company. The above renewal commission will be effective as of July 1, 1927.

The lower court held that Wicker was entitled, beginning with July 1, 1927, to credit for renewal commissions on the business written by the special agents.

The higher court held this decision is wrong because the business procured by the special agents was not "written by or through" Wicker.

#### Presumption of Death

The John Hancock Mutual Life has been held liable by the Illinois appellate court, first district, on the seven year presumption of death theory. The case was Mueller vs. John Hancock.

Mueller was an industrial agent for the John Hancock. He left his home in Chicago on July 6, 1925, at that time being charged with wrongfully taking funds of the John Hancock.

The next morning, Mrs. Mueller received a letter from him stating he was headed for Canada, saying that "he was \$200 short" on his books and indicating a desire to get back on his feet.

Mrs. Mueller had his picture put in the Chicago Police Bulletin, she went to the court of domestic relations, Legal Aid Society and to another agent of the John Hancock in an effort to locate Mueller.

The higher court stated that Mueller's letter indicated an intention to return to his wife and children and the mere fact that there was a net shortage of about \$200 in his account cannot be considered such an explanation of his continued absence for seven years as to rebut the presumption of his death.

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# SPENDABLE INCOME



Call it cash commitments, fixed obligations, budgeted items, or what you will, the fact is that a certain portion of every person's income must be used to meet inescapable living costs,—those various financial burdens assumed or thrust upon us. What remains out of gross income, after deducting dollars that are tagged, can ordinarily be considered **SPENDABLE INCOME**.

Most people feel that out of **SPENDABLE INCOME** must be set aside savings for emergencies and future needs. But a better budgetary arrangement was recently outlined by a Chicago industrialist. He said that his "life insurance premiums were paid first out of Gross Income, and only the *remainder* was considered to be **SPENDABLE INCOME**."

Doesn't such an arrangement solve a lot of financial problems for the average household? The man with constant demands on his purse is usually in a dilemma about allocating his dollars. He would like to keep a comfortable margin for emergencies. His problem is largely solved, however, if he immediately takes out of gross income the premiums necessary for sufficient life insurance to protect his family and his own future. The *balance* may rightfully be considered **SPENDABLE INCOME**.

**THE EQUITABLE  
LIFE ASSURANCE SOCIETY OF THE U. S.**

THOMAS I. PARKINSON, *President*

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